

<i>SERFF Tracking Number:</i>	<i>YTYC-125401951</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Sentruity Casualty Company</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>AR-01807</i>		
<i>TOI:</i>	<i>33.0 Other Lines of Business</i>	<i>Sub-TOI:</i>	<i>33.0004 Service Contracts</i>
<i>Product Name:</i>	<i>Service Contract Reimbursement Insurance Policy</i>		
<i>Project Name/Number:</i>	<i>Sentruity-AR-VSC/Ryan</i>		

Filing at a Glance

Company: Sentruity Casualty Company

Product Name: Service Contract

Reimbursement Insurance Policy

TOI: 33.0 Other Lines of Business

Sub-TOI: 33.0004 Service Contracts

Filing Type: Form

Effective Date Requested (New): On Approval

Effective Date Requested (Renewal):

State Filing Description:

SERFF Tr Num: YTYC-125401951 State: Arkansas

SERFF Status: Closed

Co Tr Num: AR-01807

Co Status: submitted

Author: Ryan Rush

Date Submitted: 12/26/2007

State Tr Num: EFT \$50

State Status: Fees verified and received

Reviewer(s): Alexa Grissom, Betty Montesi, Brittany Yielding

Disposition Date: 01/15/2008

Disposition Status: Approved

Effective Date (New): 01/26/2008

Effective Date (Renewal):

General Information

Project Name: Sentruity-AR-VSC

Project Number: Ryan

Reference Organization: N/A

Reference Title: N/A

Filing Status Changed: 01/15/2008

State Status Changed: 01/08/2008

Corresponding Filing Tracking Number:

Filing Description:

This program is designed to indemnify the Insured against Loss arising out of the reasonable and customary cost of repair or replacement under and in accordance with all terms of the Service Contracts issued by the Insured on or after the inception date of this policy.

Status of Filing in Domicile: Authorized

Domicile Status Comments:

Reference Number: N/A

Advisory Org. Circular: N/A

Deemer Date:

Company and Contact

SERFF Tracking Number: YTYC-125401951 State: Arkansas
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Company Tracking Number: AR-01807
TOI: 33.0 Other Lines of Business Sub-TOI: 33.0004 Service Contracts
Product Name: Service Contract Reimbursement Insurance Policy
Project Name/Number: Sentruity-AR-VSC/Ryan

Filing Contact Information

(This filing was made by a third party - yeartoyearconsultingllc)

Ryan Rush, Compliance Specialist ryan@y2yc.com
1580 N. Point Prairie Road (636) 639-1880 [Phone]
Foristell, MO 63348 (636) 639-1233[FAX]

Filing Company Information

Sentruity Casualty Company CoCode: 12780 State of Domicile: Texas
13201 Northwest Freeway Group Code: 4277 Company Type: Property/Casualty
Suite 801
Houston, TX 77040 Group Name: State ID Number:
(713) 580-3163 ext. [Phone] FEIN Number: 20-2851511

Filing Fees

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? No
Fee Explanation:
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Sentruity Casualty Company	\$50.00	12/26/2007	17248548

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Alexa Grissom	01/15/2008	01/15/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending	Alexa Grissom	01/08/2008	01/08/2008	Ryan Rush	01/14/2008	01/14/2008
Industry						
Response						

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Disposition

Disposition Date: 01/15/2008

Effective Date (New): 01/26/2008

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number:	YTYC-125401951	State:	Arkansas
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TOI:	33.0 Other Lines of Business	Sub-TOI:	33.0004 Service Contracts
Product Name:	Service Contract Reimbursement Insurance Policy		
Project Name/Number:	Sentruity-AR-VSC/Ryan		

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Form	Declarations Page	Approved	Yes
Form	Service Contract Reimbursement Insurance Policy	Approved	Yes
Form	Limited Warranty Reimbursement Insurance Policy	Approved	Yes
Form	Service Contract Reimbursement Insurance Policy	Approved	Yes
Form	Service Contract Reimbursement Insurance Policy	Approved	Yes
Form	Limited Warranty Reimbursement Insurance Policy	Approved	Yes
Form	Service Contract Reimbursement Insurance Policy	Approved	Yes
Form	Arkansas Amendatory Endorsement	Approved	Yes

SERFF Tracking Number: YTYC-125401951 State: Arkansas
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TOI: 33.0 Other Lines of Business Sub-TOI: 33.0004 Service Contracts
Product Name: Service Contract Reimbursement Insurance Policy
Project Name/Number: Sentruity-AR-VSC/Ryan

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 01/08/2008
Submitted Date 01/08/2008
Respond By Date
Dear Ryan Rush,

This will acknowledge receipt of the captioned filing. The filing must be amended for compliance with Ark. Code Ann. 23-66-206 (9)(A). Additionally, if punitive damages are to be excluded, a definition must be provided per Bulletin No. 4-82. The Subrogation Provision must comply with the Arkansas Supreme Court's decision in Franklin v. Healthsource. The insured must be fully compensated before the insurer had a right to recover.

Please feel free to contact me if you have questions.

Sincerely,
Alexa Grissom

Response Letter

Response Letter Status Submitted to State
Response Letter Date 01/14/2008
Submitted Date 01/14/2008

Dear Alexa Grissom,

Comments:

Response 1

Comments: Hi, Alexa.

Please refer to the attached endorsement which covers the objections outlined in your January 8, 2008 objection letter. Please let me know if you have any further questions or comments.

Sincerely,
Ryan Rush
Senior Analyst/Product Compliance
Year to Year Consulting L.L.C.

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Changed Items:

No Supporting Documents changed.

Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
Arkansas Amendatory Endorsement	CLP-AR- ST-00908		Endorsement/Amendment /Conditions	New		0	ARKANSAS ENDORS EMENT CLP-AR- ST- 00908.doc

No Rate/Rule Schedule items changed.

Sincerely,
Ryan Rush

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Declarations Page	CLP-DEC-01807		Declaration New s/Schedule		0.00	CLP-DEC-01807.pdf
Approved	Service Contract Reimbursement Insurance Policy	CLP-EX-01807		Policy/CoveNew rage Form		0.00	CLP-EX-01807.pdf
Approved	Limited Warranty Reimbursement Insurance Policy	CLP-EX-LW-01807		Policy/CoveNew rage Form		0.00	CLP-EX-LW-01807.pdf
Approved	Service Contract Reimbursement Insurance Policy	CLP-EX-TEC-01807		Policy/CoveNew rage Form		0.00	CLP-EX-TEC-01807.pdf
Approved	Service Contract Reimbursement Insurance Policy	CLP-FD-01807		Policy/CoveNew rage Form		0.00	CLP-FD-01807.pdf
Approved	Limited Warranty Reimbursement Insurance Policy	CLP-FD-LW-01807		Policy/CoveNew rage Form		0.00	CLP-FD-LW-01807.pdf
Approved	Service Contract Reimbursement Insurance Policy	CLP-FD-TEC-01807		Policy/CoveNew rage Form		0.00	CLP-FD-TEC-01807.pdf
Approved	Arkansas Amendatory Endorsement	CLP-AR-ST-00908		Endorseme New nt/Amendm ent/Condi tions		0.00	ARKANSAS ENDORSEM ENT CLP-AR-ST-00908.doc

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, Texas 77040

SERVICE CONTRACT REIMBURSEMENT INSURANCE POLICY

DISCLOSURE OF GUARANTY FUND NONPARTICIPATION:

In the event the Insurer is unable to fulfill its contractual obligation under this policy or contract or application or certificate or evidence of coverage, the policyholder or certificate holder is not protected by an insurance guaranty fund or other solvency protection arrangement.

POLICY PROVISIONS

Sentruity Casualty Company (a stock insurance company), in consideration of the payment of the premium and in reliance upon the statements in the Declarations Page and subject to the limits of liability, exclusions, conditions and other terms of this Policy agrees with the Insured as follows:

I. INSURING AGREEMENTS

1. **DEFINITION OF COVERAGES:** The Company will indemnify the Insured against Loss, subject to the Loss Reserve Fund provision herein, arising out of the reasonable and customary cost of repair or replacement under and in accordance with all terms of the Service Contracts issued by the Insured on or after the inception date of this Policy.

The Company agrees, subject to the following terms, conditions, and exclusions:

- A. to pay the Insured or to pay on behalf of the Insured in the event of the Insured's nonperformance, all Loss which the Insured shall become legally obligated to pay as Claims under valid Service Contracts issued during the Policy Period shown in the Declarations Page; or
- B. to pay on behalf of the Insured in the event of the Insured's nonperformance, refunds of the unearned consideration paid by the Service Contract Holder for a Service Contract in excess of the premium charged by the Company; or
- C. to provide the service, in the event of the Insured's nonperformance, that the Insured is legally obligated to perform according to the Insured's contractual obligations under the Service contracts issued during the Policy Period shown in the Declarations Page.

Coverage hereunder shall be provided on an occurrence basis.

Upon failure of the Insured to pay or provide service on a valid claim within sixty days after proof of Loss has been filed with Insured, coverage hereunder shall be provided directly to the Service Contract Holder.

Termination of this Policy shall not affect or reduce the Company's obligations to, or responsibility for, direct coverage to Service Contract Holders whose Service Contracts were made during the term of this Policy and were covered under this Policy.

Revocation or other termination of Insured's registration as a service contract provider in any state shall be construed to be default by the Insured under Service Contracts sold in such state(s). In the event of such suspension, the Company shall provide for direct coverage to the covered Service Contract Holders in such state(s) without having to wait sixty (60) days, until such time as the Insured is permitted to resume business in such state(s).

2. **LOSS RESERVE FUND:** The Company's liability herein shall be limited to covered Loss in excess of the Loss Reserve Fund applicable to the Insured, subject to the Maximum and Aggregate Limits of Liability specified on the Declarations Page.
3. **SETTLEMENT OF COMPANY'S LIABILITY:** The Company agrees to indemnify the Insured or, in the alternative, pay directly to the Repair Facility or Service Contract Holder in accordance with the Service Contract issued by the Insured.

II. DEFINITIONS

The following terms, which are capitalized whenever they appear in this Policy or any endorsements to this Policy, have special or limited meanings, set forth below in alphabetical order:

1. **"Administrator"** means the Company's designated administrator.
2. **"Claim"** shall mean a claim for performance of a contractual obligation under the terms and conditions of the Service Contract arising during the Policy Period.
3. **"Company"** means Sentruity Casualty Company.
4. **"Consequential Damages"** shall mean such damage, loss or injury as does not flow directly and immediately from an occurrence of Loss, but only from the consequence or results of such an occurrence of Loss.
5. **"Covered Unit"** means a product for which the Insured has issued a Service Contract.
6. **"Insured"** means the named insured specified in Item 1 of the Declarations Page.
7. **"Loss(es)"** means any and all valid Claims arising during the Policy Period covered by the terms and conditions of the Service Contract at the time the Service Contract was issued.
8. **"Loss Reserve Fund"** means any loss reserve fund as may be established from time to time by the Administrator on behalf of the Insured to cover Losses under Service Contracts.
9. **"Policy"** means this Service Contract Reimbursement Insurance Policy issued by the Company.
10. **"Policy Period"** means the period specified in Item 2 of the Declarations Page.
11. **"Repair Facility"** shall mean a dealership, manufacturer's service center or independent service center authorized by the Administrator to perform repairs on behalf of the Insured under valid Service Contracts.
12. **"Service Contract(s)"** means service contract(s) issued by the Insured on or after the inception date of this Policy and for which a premium has been paid.
13. **"Service Contract Holder"** means a person, or legal entity, owning a Service Contract acquired directly from the Insured, or a qualified transferee, which is currently in force.

III. EXCLUSIONS

Notwithstanding anything herein contained, this Policy does NOT cover:

1. Any Loss caused by or contributed to by a dishonest, criminal or fraudulent act of the Service Contract Holder, the Insured, a partner thereof, or a director, officer, trustee, employee or agent thereof;
2. Any Loss arising from fines, penalties, punitive, exemplary, extra contractual or Consequential Damages;

3. Any Loss caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such Loss be direct or indirect, proximate or remote, or be in whole or part caused by, contributed to, or aggravated by the peril(s) insured against in this Policy;
4. Any Loss caused by:
 - A. hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual impending or expected attack, (i) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (ii) by military, naval or air forces; or (iii) by any agent of such government, power, authority or forces;
 - B. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - C. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
5. Any Loss arising from any liability assumed by the Insured or the Service Contract Holder by any contract or agreement, except the Service Contract(s);
6. Any Loss while the Covered Unit is used in any illicit trade or transportation or in the commission of a felony;
7. Any Loss to any Covered Unit if that unit is rented to another by the Insured or Service Contract Holder;
8. Any Loss or damages caused by faulty repair work or failure to perform repair work by the Insured, its agents or employees, or any Repair Facility, or its agents or employees;
9. Any Loss caused by negligence of any kind, misrepresentation, willful or intentional misconduct or strict liability;
10. Any Loss arising out of implied warranties of merchantability, implied warranties of fitness, and strict liability, except as expressly provided herein;
11. Any Loss or liability for Claims to anyone other than the Service Contract Holder, liability for Loss to anyone other than the Insured, and any Claim or Loss occurring prior to the effective date of this Policy;
12. Any Loss or liability under Garage Keeper's insurance;
13. Any Loss or liability for any Service Contract that has not been approved in writing by the Company; or
14. Damages for bad faith, personal injury including bodily injury, property damage (except as specifically stated in the Service Contract), and attorney's fees.

IV. DUTIES OF THE INSURED

The Insured agrees to the following:

1. **PAYMENT OF PREMIUM:** Within thirty (30) days from the last day of each month in which any Service contracts are issued, the Insured shall pay the full premium due for such Service Contracts. The payments of premiums are due and payable to the Company only in United States currency and are to be sent to the Company.

2. **COMMENCEMENT OF COVERAGE:** The Insured agrees that the Company shall have no obligation under this Policy until:
 - A. The Insured has issued a Service Contract; and
 - B. The Company has received premium for same.

V. CONDITIONS

1. **INSPECTION AND AUDIT:** The Company shall have the right to inspect the Insured's premises, books and records as same pertain to coverage under this Policy. This right shall extend until one (1) year after Service Contracts issued by the Insured are no longer in effect. Neither the rights set forth hereunder nor any report made by the Insurer in exercise of that right shall constitute any undertaking, on behalf of or for the benefit of the Insured or other, to determine or warrant that the operations are in compliance with applicable law, rule or regulation. The Insurer may request the Insured to mail proof of Loss documents, at the Insured's expense, to the Insurer in order to complete an offsite audit.
2. **PREMIUM PROVISIONS:** Premium charges will be in accordance with the Company's rates and rules in effect at the time each Service Contract is issued. Premium adjustments made by the Company under the rating plan shall not be effective until such time as the Company has provided the Insured with at least thirty (30) days advance written notice of the change.

Upon the inception of coverage as provided by this Policy for the Insured's liability under each Service Contract issued, the premium for such coverage shall be earned by the Company in line with the risk assumed by the Company, and no part thereof shall be refundable to the Insured, except that a partial refund shall be made by the Company to the Insured for each Service Contract cancelled by the Service Contract Holder.

3. **MONTHLY REPORTING PROVISION:** The Insured shall maintain and keep an accurate record of Service Contracts issued in accordance with this Policy and, not later than thirty (30) days after the closing of the preceding month, report to the Company or its authorized representative the Service Contracts issued during the monthly reporting period. The Company shall not be liable under any Service Contract issued by the Insured unless so reported.

In the event of Policy cancellation, the Insured shall report all Service Contracts issued up to and including the date the cancellation becomes effective.

4. **NOTICE OF LOSS:** In the event of Loss under this Policy, the Insured shall give notice of Loss to the Company or its designated agent or representative as soon thereafter as practicable and shall file with the Company or its designated agent, within sixty (60) days from the date of Loss, a detailed proof of Loss in the form required by the Company. Failure by the Insured to report the said Loss and to file such proof of Loss as hereinbefore provided shall invalidate any Claim under this Policy for such Loss.
5. **PAYMENT FOR LOSS:** Payment for Loss may not be required nor shall action lie against the Company unless, as conditions precedent thereto, the Insured shall have fully complied with all terms of this Policy, thirty (30) days shall have elapsed after proof of Loss is filed, and the amount of Loss shall have been determined as provided in this Policy.

It is also a condition of this insurance, precedent to payment of any Claim, that the Insured or an authorized representative of the Insured shall have carried out the repair and/or replacement on which the Claim is based, after having received prior authorization from the Company or its designated agent or Administrator.

6. **CLAIMS HANDLING:**
 - A. Within fifteen (15) days after the Company receives written notice of Claim, the Company will:

- (i) Acknowledge receipt of the Claim.
 - (ii) Begin any investigation of the Claim; and
 - (iii) Request from the Insured information and form necessary to process the Claim. The Company may request more information at a later date, if during the investigation of the Claim such additional information is necessary.
- B. The Company will notify the Insured in writing as to whether:
 - (i) The Claim or part of the Claim will be paid;
 - (ii) The Claim or part of the Claim has been denied, and inform the Insured of the reasons for denial;
 - (iii) More information is necessary; or
 - (iv) The Company needs additional time to reach a decision. If the Company needs additional time, the Company will inform the Insured of the reasons for such need.
- C. The Company will provide notification, as described in B(i) through B(iv) above, within:
 - (i) Fifteen (15) business days after the Company receives all information the Company requested, or
 - (ii) Thirty (30) days after the Company receives all information the Company requested, if the Company has reason to believe the Loss resulted from arson.

If the Company has notified the Insured that the Company needs additional time to reach a decision, the Company must then either approve or deny the Claim within forty-five (45) days of such notice.

- D. The Company will pay for covered Loss or damage within five (5) business days after:
 - (i) The Company has notified the Insured that payment of the claim or part of the claim will be made and have reached agreement with the Insured on the amount of Loss; or
 - (ii) An appraisal award has been made.

However, if payment of the claim or part of the Claim is conditioned on the Insured's compliance with any of the terms of this Policy, the Company will make payment within five (5) business days after the date the Insured has complied with such terms.

- 7. **NOTICE OF SETTLEMENT OF LIABILITY CLAIM:** The Company will notify the named Insured in writing of initial offer to compromise or settle a Claim against the Insured not later than the 10th day after the date on which the offer is made. The Company will notify the named Insured in writing of any settlement of a Claim against the Insured not later than the 30th day after the date of the settlement.
- 8. **INSURED'S INDEMNIFICATION OF INSURER:** The Insured does hereby indemnify and hold the Insurer free and harmless against any and all claims, actions, demands, or liabilities arising out of Losses whether well founded or not, that may be asserted against the Insurer by third parties by reason of the Insured's breach of or failure to perform any of its obligations under this Policy.
- 9. **ASSIGNMENT:** This Policy is personal to the Insured. Any purported assignment of interest in the Policy by the Insured or transfer of interest by operation of law or any act of insolvency on the part of the

Insured shall immediately render this Policy cancelled as of such date. Any assignment of interest under this Policy shall not bind the Company.

10. **APPROVED SERVICE CONTRACTS:** It is a condition of this insurance that the Service Contract(s) issued by the Insured are identical to the specimen copy(s) on file with and approved by the Company and will remain unaltered unless the Company is duly notified of any proposed alteration.
11. **TERRITORY:** This Policy covers Service Contracts issued by the Insured within the United States.
12. **SUBROGATION:** In the event of any payment under this Policy, the Company shall be subrogated to all the Insured's rights of recovery thereof against any person or organization, and the Insured shall execute and deliver instruments and papers to do whatever else is necessary to secure such rights. The Insured shall do nothing after Loss to prejudice such rights.
13. **BURDEN OF PROOF:** It is a condition of this Policy that the Insured will be required to prove any Loss sustained as a precedent to payment of any Claim. Such proof of Loss shall be made within thirty (30) days of the notice of any Claim and shall include such information as may be required by the Company.
14. **SALVAGE & RECOVERY:** All salvages, recoveries and payments received subsequent to a Loss settlement under this Policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.
15. **ASSISTANCE AND COOPERATION OF THE INSURED:** The Insured shall cooperate with the Company, and upon the Company's request, shall submit to examination under oath, attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and in the conduct of suits.
16. **CONFORMITY TO LAW:**
 - A. The terms of this Policy which at the time of issuance of this Policy are in conflict with the laws of the state in which this Policy is issued are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of this Policy.
 - B. The terms of this Policy which at the time of issuance of this Policy are in conflict with the laws of the state in which a Service Contract is sold, are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of this Policy.
 - C. The terms of this Policy which at the time of issuance of any Service Contract insured hereunder are in conflict with the laws of the state in which such Service Contract is issued are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of such Service Contract, provided that such amendment shall only apply to the Service Contract thus affected.
17. **OTHER INSURANCE:** If, at the time of Loss hereunder, there is other insurance for such Loss in the name of or for the benefit of the Insured, this insurance shall be considered as excess insurance and shall not apply to nor contribute to the payment of any Loss until all such other insurance shall have been exhausted.
18. **CHANGES:** This Policy, including the Declarations Page, terms, conditions, limitations, exceptions, and exclusions, together with the endorsements and attached papers, if any, constitutes the entire policy of insurance. No change in the Policy shall be endorsed hereon or attached thereto without the prior written approval of the Company. No agent has authority to change the Policy or to waive any of its provisions.
19. **ACTION AGAINST COMPANY:** No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all terms of this Policy.

20. **SERVICE OF SUIT:** In the event the Company fails to pay any amount claimed to be due hereunder, the Company, at the request of the Insured, will submit to the jurisdiction of any court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court.

Further, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer (if specified for that purpose in any relevant statute) or his successor or successors in office, as the Company's true and lawful attorney upon whom, at his offices in the state where the Insured resides, may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the following as the person to whom the said officer is authorized to mail such process or a true copy thereof:

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, Texas 77040
ATTENTION: PRESIDENT

21. **DEFENSE AND SETTLEMENT:** The Company shall not be called upon to assume charge of the settlement or defense of any claim made or suit brought against the Insured; however, the Company shall have the right, and shall be afforded the opportunity, to associate with the Insured in the defense and control of any claim or suit.
22. **FRAUD AND MISREPRESENTATION:** This Policy shall be void if the Insured has concealed or misrepresented or created any material fact or circumstance concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or submission of false or inflated Claims or false swearing by the Insured touching any matter relating to this insurance or the subject thereof, whether before or after a Loss.
23. **POLICY TERM:** The Policy Period shall be for a term of one year (ending on December 31 of each year), subject to automatic annual renewals, unless either the Insured or the Company gives prior notice to the other party of its intention not to renew this Policy. The initial Policy Period may be for a term of less than one year, unless this Policy is effective on January 1 of such Policy Period.
24. **POLICY CANCELLATION:**
- A. **By the Company:**
- (i) The Company may cancel this Policy by mailing or delivering to the first named Insured written notice of cancellation, stating the reason for cancellation, at least ten (10) days before the effective date of cancellation.
 - (ii) If this Policy has been in effect for sixty (60) or fewer days, the Company may cancel for any reason.
 - (iii) If this Policy has been in effect for more than sixty (60) days or if it is a renewal or continuation of a Policy issued by the Company, the Company may cancel only for one or more of the following reasons:
 - (a) fraud in obtaining coverage;
 - (b) failure to pay premiums when due;
 - (c) an increase in hazard within the control of the Insured or other Insured which would produce an increase in rate;
 - (d) loss of reinsurance covering all or part of the risk covered by the Policy; or

- (e) if the Company has been placed in supervision, conservatorship, or receivership, and the cancellation is approved or directed by the supervisor, conservator, or receiver.
- (iv) Nonrenewal:
 - (a) The Company may elect not to renew this Policy by delivering or mailing to the first named Insured, at the last mailing address know to the Company, written notice of nonrenewal, stating the reason for nonrenewal, at least sixty (60) days before the expiration date. If notice is mailed or delivered later than the sixty (60) days before the expiration date, this Policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the Expiration Date shall be computed pro rata based on the previous year's premium.
 - (b) If notice is mailed, proof of mailing will be sufficient proof of notice.

The Company may not cancel or refuse to renew this Policy based solely on the fact that the Insured is an elected official.

B. By the Insured: The Insured has the right to cancel this Policy:

- (i) By sending the Company written notice of its intent to cancel the Policy showing the date cancellation is to be effective.

C. Effect of Cancellation: Cancellation of this Policy shall not reduce the Company's liability for any Claims incurred under Service Contracts issued prior to the date on which cancellation takes effect. Should no Service Contracts be submitted pursuant to the provisions of Section V, paragraph 3, of this Policy for a period of three (3) consecutive months, it will constitute an automatic withdrawal from coverage by the Insured. The Company may, at it option, waive this provision.

24. **REGULATORY NOTICE:** Where required by the laws of a state in which Service Contracts insured hereunder are issued, the Company shall mail notice of cancellation or non-renewal of this Policy to the governmental authorities entitled to such notice within the period prescribed by such laws.

VI. OTHER AGREEMENTS

1. It is hereby agreed that in the event the Insured is no longer in business, for whatever reason, the Company will provide directly to the Service Contract Holder all benefits to which the Service Contract Holder is entitled under the terms of the Service Contract.
2. In the event of payment under the terms of this provision, the Company shall be subrogated to the Insured's right to recovery from any reserves maintained to pay Losses on behalf of the Insured, including reserves in the Loss Reserve Fund.
3. It is further agreed that in the event the Administrator is unable to perform his obligations for any reason, the Company will assume the Administrator's responsibilities.

VII. IMPLIED LIABILITY

In consideration of the premium charged, coverage is extended to include defects in material and workmanship of the entire Covered Unit of those Covered Units described, and not otherwise covered under Service Contracts covered by this Policy, subject to the following conditions, limitations and exclusions which shall apply to this extension of coverage:

1. Repair and/or replacement is limited to that required by the imposition of law under implied warranty incurred by the Insured as a result of having issued a Service Contract.
2. The Company shall not be liable unless and until a court judgment is rendered against the Insured. However, the Company may, at its sole option, negotiate and/or settle any alleged Claim prior to or during any suit for such judgment.
3. Coverage shall not apply to any defect in material or workmanship which is obvious, or of which the Insured may reasonably be expected to have knowledge, existing at the time of sale of the Service Contract.
4. Coverage shall apply only for the period imposed by law for implied warranty, or the term of the Service Contract, whichever is the shorter period of time and/or mileage.
5. The Company shall not be liable for more than the lesser of:
 - A. The actual cost of repair or replacement, or
 - B. The actual cash value of the Covered Unit at the time of Loss, or
 - C. The purchase price of the Covered Unit, reduced by all previous Claims paid under this Policy.
6. Each Claim for Loss shall be adjusted separately.

NOTICE

This Policy does not provide Bodily Injury or Property Damage Liability Insurance nor does it comply with any financial responsibility law. The limit of the Company's liability shall not exceed the limits specified herein, in accordance with the terms of this Policy.

IN WITNESS WHEREOF, the Company has caused this Policy to be executed and attested these presents, but this Policy shall not be valid unless countersigned by a duly authorized representative of the Company.

President

Secretary

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, Texas 77040

LIMITED WARRANTY REIMBURSEMENT INSURANCE POLICY

DISCLOSURE OF GUARANTY FUND NONPARTICIPATION:

In the event the Insurer is unable to fulfill its contractual obligation under this policy or contract or application or certificate or evidence of coverage, the policyholder or certificate holder is not protected by an insurance guaranty fund or other solvency protection arrangement.

POLICY PROVISIONS

Sentruity Casualty Company (a stock insurance company), in consideration of the payment of the premium and in reliance upon the statements in the Declarations Page and subject to the limits of liability, exclusions, conditions and other terms of this Policy agrees with the Insured as follows:

I. INSURING AGREEMENTS

1. **DEFINITIONS OF COVERAGES:** The Company will indemnify the Insured against Loss, subject to the Loss Reserve Fund provision herein, arising out of the reasonable and customary cost of repair or replacement under and in accordance with all terms of the Warranties, for which the Insured is legally obligated to perform warrantor's obligations, issued on or after the inception date of this Policy.

The Company agrees, subject to the following terms, conditions, and exclusions:

- A. to pay the Insured or to pay on behalf of the Insured in the event of the Insured's nonperformance, all Loss which the Insured shall become legally obligated to pay as Claims under valid Warranties issued during the Policy Period shown in the Declarations Page; or
- B. to pay on behalf of the Insured in the event of the Insured's nonperformance, refunds of the unearned consideration paid by the Warranty Holder for a Warranty in excess of the premium charged by the Company; or
- C. to provide the service, in the event of the Insured's nonperformance, that the Insured is legally obligated to perform according to the Insured's contractual obligations under the Warranties issued during the Policy Period shown in the Declarations Page.

Coverage hereunder shall be provided on an occurrence basis.

Upon failure of the Insured to pay or provide service on a valid claim within sixty days after proof of Loss has been filed with Insured, coverage hereunder shall be provided directly to the Warranty Holder.

Termination of this Policy shall not affect or reduce the Company's obligations to, or responsibility for, direct coverage to Warranty Holders whose Warranties were made during the term of this Policy and were covered under this Policy.

2. **LOSS RESERVE FUND:** The Company's liability herein shall be limited to covered Loss in excess of the Loss Reserve Fund applicable to the Insured, subject to the Maximum and Aggregate Limits of Liability specified on the Declarations Page.

3. **SETTLEMENT OF COMPANY'S LIABILITY:** The Company agrees to indemnify the Insured or, in the alternative, pay directly to the Repair Facility or Warranty Holder in accordance with the Warranty covered by this Policy.

II. DEFINITIONS

The following terms, which are capitalized whenever they appear in this Policy or any endorsements to this Policy, have special or limited meanings, set forth below in alphabetical order:

1. **"Administrator"** means the Company's designated administrator.
2. **"Claim"** shall mean a claim for performance of a contractual obligation under the terms and conditions of the Warranty arising during the Policy Period.
3. **"Company"** means Sentruity Casualty Company.
4. **"Consequential Damages"** shall mean such damage, loss or injury as does not flow directly and immediately from an occurrence of Loss, but only from the consequence or results of such an occurrence of Loss.
5. **"Covered Unit"** means a product for which a Warranty has been issued.
6. **"Insured"** means the named insured specified in Item 1 of the Declarations Page.
7. **"Loss(es)"** means any and all valid Claims arising during the Policy Period covered by the terms and conditions of the Warranty at the time the Warranty was issued.
8. **"Loss Reserve Fund"** means any loss reserve fund as may be established from time to time by the Administrator on behalf of the Insured to cover Losses under Warranties.
9. **"Policy"** means this Limited Warranty Reimbursement Insurance Policy issued by the Company.
10. **"Policy Period"** means the period specified in Item 2 of the Declarations Page.
11. **"Repair Facility"** shall mean a dealership, manufacturer's service center or independent service center authorized by the Administrator to perform repairs on behalf of the Insured under valid Warranties.
12. **"Warranty(ies)"** means warranty(ies), for which the Insured is legally obligated to perform warrantor's obligations, and for which a premium has been paid.
13. **"Warranty Holder"** means a person, or legal entity who is the first owner or a qualified transferee of a Warranty which is currently in force.

III. EXCLUSIONS

Notwithstanding anything herein contained, this Policy does NOT cover:

1. Any Loss caused by or contributed to by a dishonest, criminal or fraudulent act of the Warranty Holder, the Insured, a partner thereof, or a director, officer, trustee, employee or agent thereof;
2. Any Loss arising from fines, penalties, punitive, exemplary, extra contractual or Consequential Damages;

3. Any Loss caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such Loss be direct or indirect, proximate or remote, or be in whole or part caused by, contributed to, or aggravated by the peril(s) insured against in this Policy;
4. Any Loss caused by:
 - A. hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual impending or expected attack, (i) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (ii) by military, naval or air forces; or (iii) by any agent of such government, power, authority or forces;
 - B. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - C. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
5. Any Loss arising from any liability assumed by the Insured or the Warranty Holder by any contract or agreement, except the Warranty(ies);
6. Any Loss while the Covered Unit is used in any illicit trade or transportation or in the commission of a felony;
7. Any Loss to any Covered Unit if that unit is rented to another by the Insured or Warranty Holder;
8. Any Loss or damages caused by faulty repair work or failure to perform repair work by the Insured, its agents or employees, or any Repair Facility, or its agents or employees;
9. Any Loss caused by negligence of any kind, misrepresentation, willful or intentional misconduct or strict liability;
10. Any Loss arising out of implied warranties of merchantability, implied warranties of fitness, and strict liability, except as expressly provided herein;
11. Any Loss or liability for Claims to anyone other than the Warranty Holder, liability for Loss to anyone other than the Insured, and any Claim or Loss occurring prior to the effective date of this Policy;
12. Any Loss or liability under Garage Keeper's insurance;
13. Any Loss or liability for any Warranty that has not been approved in writing by the Company; or
14. Damages for bad faith, personal injury including bodily injury, property damage (except as specifically stated in the Warranty), and attorney's fees.

IV. DUTIES OF THE INSURED

The Insured agrees to the following:

1. **PAYMENT OF PREMIUM:** Within thirty (30) days from the last day of each month in which any Warranties are issued, the Insured shall pay the full premium due for such Warranties. The payments of premiums are due and payable to the Company only in United States currency and are to be sent to the Company.

2. **COMMENCEMENT OF COVERAGE:** The Insured agrees that the Company shall have no obligation under this Policy until:
 - A. The Insured has issued a Warranty; and
 - B. The Company has received premium for same.

V. CONDITIONS

1. **INSPECTION AND AUDIT:** The Company shall have the right to inspect the Insured's premises, books and records as same pertain to coverage under this Policy. This right shall extend until one (1) year after Warranties issued by the Insured are no longer in effect. Neither the rights set forth hereunder nor any report made by the Insurer in exercise of that right shall constitute any undertaking, on behalf of or for the benefit of the Insured or other, to determine or warrant that the operations are in compliance with any applicable law, rule, or regulation. The Insurer may request the Insured to mail proof of Loss documents, at the Insured's expense, to the Insurer in order to complete an offsite audit.
2. **PREMIUM PROVISIONS:** Premium charges will be in accordance with the Company's rates and rules in effect at the time each Warranty is issued. Premium adjustments made by the Company under the rating plan shall not be effective until such time as the Company has provided the Insured with at least thirty (30) days advance written notice of the change.

Upon the inception of coverage as provided by this Policy for the Insured's liability under each Warranty issued, the premium for such coverage shall be earned by the Company in line with the risk assumed by the Company, and no part thereof shall be refundable to the Insured.

3. **MONTHLY REPORTING PROVISION:** The Insured shall maintain and keep an accurate record of Warranties issued in accordance with this Policy and, not later than thirty (30) days after the closing of the preceding month, report to the Company or its authorized representative the Warranties issued during the monthly reporting period. The Company shall not be liable under any Warranty issued by the Insured unless so reported.

In the event of Policy cancellation, the Insured shall report all Warranties issued up to and including the date the cancellation becomes effective.

4. **NOTICE OF LOSS:** In the event of Loss under this Policy, the Insured shall give notice of Loss to the Company or its designated agent or representative as soon thereafter as practicable and shall file with the Company or its designated agent, within sixty (60) days from the date of Loss, a detailed proof of Loss in the form required by the Company. Failure by the Insured to report the said Loss and to file such proof of Loss as hereinbefore provided shall invalidate any Claim under this Policy for such Loss.
5. **PAYMENT FOR LOSS:** Payment for Loss may not be required nor shall action lie against the Company unless, as conditions precedent thereto, the Insured shall have fully complied with all terms of this Policy, thirty (30) days shall have elapsed after proof of Loss is filed, and the amount of Loss shall have been determined as provided in this Policy.

It is also a condition of this insurance, precedent to payment of any Claim, that the Insured or an authorized representative of the Insured shall have carried out the repair and/or replacement on which the Claim is based, after having received prior authorization from the Company or its designated agent or Administrator.

6. **CLAIMS HANDLING:**
 - A. Within fifteen (15) days after the Company receives written notice of Claim, the Company will:
 - (i) Acknowledge receipt of the Claim.

- (ii) Begin any investigation of the Claim; and
 - (iii) Request from the Insured information and form necessary to process the Claim. The Company may request more information at a later date, if during the investigation of the Claim such additional information is necessary.
- B. The Company will notify the Insured in writing as to whether:
 - (i) The Claim or part of the Claim will be paid;
 - (ii) The Claim or part of the Claim has been denied, and inform the Insured of the reasons for denial;
 - (iii) More information is necessary; or
 - (iv) The Company needs additional time to reach a decision. If the Company needs additional time, the Company will inform the Insured of the reasons for such need.
- C. The Company will provide notification, as described in B(i) through B(iv) above, within:
 - (i) Fifteen (15) business days after the Company receives all information the Company requested, or
 - (ii) Thirty (30) days after the Company receives all information the Company requested, if the Company has reason to believe the Loss resulted from arson.

If the Company has notified the Insured that the Company needs additional time to reach a decision, the Company must then either approve or deny the Claim within forty-five (45) days of such notice.

- D. The Company will pay for covered Loss or damage within five (5) business days after:
 - (i) The Company has notified the Insured that payment of the claim or part of the claim will be made and have reached agreement with the Insured on the amount of Loss; or
 - (ii) An appraisal award has been made.

However, if payment of the claim or part of the Claim is conditioned on the Insured's compliance with any of the terms of this Policy, the Company will make payment within five (5) business days after the date the Insured has complied with such terms.

- 7. **NOTICE OF SETTLEMENT OF LIABILITY CLAIM:** The Company will notify the named Insured in writing of initial offer to compromise or settle a Claim against the Insured not later than the 10th day after the date on which the offer is made. The Company will notify the named Insured in writing of any settlement of a Claim against the Insured not later than the 30th day after the date of the settlement.
- 8. **INSURED'S INDEMNIFICATION OF INSURER:** The Insured does hereby indemnify and hold the Insurer free and harmless against any and all claims, actions, demands, or liabilities arising out of Losses, whether well founded or not, that may be asserted against the Insurer by third parties by reason of the Insured's breach of or failure to perform any of its obligations under this Policy.
- 9. **ASSIGNMENT:** This Policy is personal to the Insured, any purported assignment of interest in the Policy by the Insured or transfer of interest by operation of law or any act of insolvency on the part of the

Insured shall immediately render this Policy cancelled as of such date. Any assignment of interest under this Policy shall not bind the Company.

10. **APPROVED WARRANTIES:** It is a condition of this insurance that the Warranties to be covered under this Policy must be identical to the specimen copy(ies) on file with and approved by the Company and will remain unaltered unless the Company is duly notified of any proposed alteration.
11. **TERRITORY:** This Policy covers Warranties issued within the United States.
12. **SUBROGATION:** In the event of any payment under this Policy, the Company shall be subrogated to all the Insured's rights of recovery thereof against any person or organization, and the Insured shall execute and deliver instruments and papers to do whatever else is necessary to secure such rights. The Insured shall do nothing after Loss to prejudice such rights.
13. **BURDEN OF PROOF:** It is a condition of this Policy that the Insured will be required to prove any Loss sustained as a precedent to payment of any Claim. Such proof of Loss shall be made within thirty (30) days of the notice of any Claim and shall include such information as may be required by the Company.
14. **SALVAGE & RECOVERY:** All salvages, recoveries and payments received subsequent to a Loss settlement under this Policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.
15. **ASSISTANCE AND COOPERATION OF THE INSURED:** The Insured shall cooperate with the Company, and upon the Company's request, shall submit to examination under oath, attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and in the conduct of suits.
16. **CONFORMITY TO LAW:**
 - A. The terms of this Policy which at the time of issuance of this Policy are in conflict with the laws of the state in which this Policy is issued are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of this Policy.
 - B. The terms of this Policy which at the time of issuance of this Policy are in conflict with the laws of the state in which a Warranty is sold are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of this Policy.
 - C. The terms of this Policy which at the time of issuance of any Warranty insured hereunder are in conflict with the laws of the state in which such Warranty is issued are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of such Warranty, provided that such amendment shall only apply to the Warranty thus affected.
17. **OTHER INSURANCE:** If, at the time of Loss hereunder, there is other insurance for such Loss in the name of or for the benefit of the Insured, this insurance shall be considered as excess insurance and shall not apply to nor contribute to the payment of any Loss until all such other insurance shall have been exhausted.
18. **CHANGES:** This Policy, including the Declarations Page, terms, conditions, limitations, exceptions, and exclusions, together with the endorsements and attached papers, if any, constitutes the entire policy of insurance. No change in the Policy shall be endorsed hereon or attached thereto without the prior written approval of the Company. No agent has authority to change the Policy or to waive any of its provisions.
19. **ACTION AGAINST COMPANY:** No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all terms of this Policy.

20. **SERVICE OF SUIT:** In the event the Company fails to pay any amount claimed to be due hereunder, the Company, at the request of the Insured, will submit to the jurisdiction of any court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court.

Further, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer (if specified for that purpose in any relevant statute) or his successor or successors in office, as the Company's true and lawful attorney upon whom, at his offices in the state where the Insured resides, may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the following as the person to whom the said officer is authorized to mail such process or a true copy thereof:

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, TX 77040
ATTENTION: PRESIDENT

21. **DEFENSE AND SETTLEMENT:** The Company shall not be called upon to assume charge of the settlement or defense of any claim made or suit brought against the Insured; however, the Company shall have the right, and shall be afforded the opportunity, to associate with the Insured in the defense and control of any claim or suit.
22. **FRAUD AND MISREPRESENTATION:** This Policy shall be void if the Insured has concealed or misrepresented or created any material fact or circumstance concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or submission of false or inflated Claims or false swearing by the Insured touching any matter relating to this insurance or the subject thereof, whether before or after a Loss.
23. **POLICY TERM:** The Policy Period shall be for a term of one year (ending on December 31 of each year), subject to automatic annual renewals, unless either the Insured or the Company gives prior notice to the other party of its intention not to renew this Policy. The initial Policy Period may be for a term of less than one year, unless this Policy is effective on January 1 of such Policy Period.
24. **POLICY CANCELLATION:**
- A. **By the Company:**
- (i) The Company may cancel this Policy by mailing or delivering to the first named Insured written notice of cancellation, stating the reason for cancellation, at least ten (10) days before the effective date of cancellation.
 - (ii) If this Policy has been in effect for sixty (60) or fewer days, the Company may cancel for any reason.
 - (iii) If this Policy has been in effect for more than sixty (60) days or if it is a renewal or continuation of a Policy issued by the Company, the Company may cancel only for one or more of the following reasons:
 - (a) fraud in obtaining coverage;
 - (b) failure to pay premiums when due;

- (c) an increase in hazard within the control of the Insured or other Insured which would produce an increase in rate;
- (d) loss of reinsurance covering all or part of the risk covered by the Policy; or
- (e) if the Company has been placed in supervision, conservatorship, or receivership, and the cancellation is approved or directed by the supervisor, conservator, or receiver.

(iv) **Nonrenewal:**

- (a) The Company may elect not to renew this Policy by delivering or mailing to the first named Insured, at the last mailing address known to the Company, written notice of nonrenewal, stating the reason for nonrenewal, at least sixty (60) days before the expiration date. If notice is mailed or delivered later than the sixty (60) days before the expiration date, this Policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the Expiration Date shall be computed pro rata based on the previous year's premium.
- (b) If notice is mailed, proof of mailing will be sufficient proof of notice.

The Company may not cancel or refuse to renew this Policy based solely on the fact that the Insured is an elected official.

B. By the Insured: The Insured has the right to cancel this Policy:

- (i) By sending the Company written notice of its intent to cancel the Policy showing the date cancellation is to be effective.

C. Effect of Cancellation: Cancellation of this Policy shall not reduce the Company's liability for any Claims incurred under Service Contracts issued prior to the date on which cancellation takes effect. Should no Service Contracts be submitted pursuant to the provisions of Section V, paragraph 3, of this Policy for a period of three (3) consecutive months, it will constitute an automatic withdrawal from coverage by the Insured. The Company may, at its option, waive this provision.

25. **REGULATORY NOTICE:** Where required by the laws of a state in which warranties insured hereunder are issued, the Company shall mail notice of cancellation or non-renewal of this Policy to the governmental authorities entitled to such notice within the period prescribed by such laws.

VI. OTHER AGREEMENTS

1. It is hereby agreed that in the event the Insured is no longer in business, for whatever reason, the Company will provide directly to the Warranty Holder all benefits to which the Warranty Holder is entitled under the terms of the Warranty.
2. In the event of payment under the terms of this provision, the Company shall be subrogated to the Insured's right to recovery from any reserves maintained to pay Losses on behalf of the Insured, including reserves in the Loss Reserve Fund.
3. It is further agreed that in the event the Administrator is unable to perform its obligations for any reason, the Company will assume the Administrator's responsibilities.

VII. IMPLIED LIABILITY

In consideration of the premium charged, coverage is extended to include defects in material and workmanship of the entire Covered Unit of those Covered Units described, and not otherwise covered under Warranties covered by this Policy, subject to the following conditions, limitations and exclusions which shall apply to this extension of coverage:

1. Repair and/or replacement is limited to that required by the imposition of law under implied warranty incurred by the Insured as a result of having issued a Warranty.
2. The Company shall not be liable unless and until a court judgment is rendered against the Insured. However, the Company may, at its sole option, negotiate and/or settle any alleged Claim prior to or during any suit for such judgment.
3. Coverage shall not apply to any defect in material or workmanship which is obvious, or of which the Insured may reasonably be expected to have knowledge, existing at the time of sale of the Warranty.
4. Coverage shall apply only for the period imposed by law for implied warranty, or the term of the Warranty, whichever is the shorter period of time and/or mileage.
5. The Company shall not be liable for more than the lesser of:
 - A. The actual cost of repair or replacement, or
 - B. The actual cash value of the Covered Unit at the time of Loss, or
 - C. The purchase price of the Covered Unit, reduced by all previous Claims paid under this Policy.
6. Each Claim for Loss shall be adjusted separately.

NOTICE

This Policy does not provide Bodily Injury or Property Damage Liability Insurance nor does it comply with any financial responsibility law. The limit of the Company's liability shall not exceed the limits specified herein, in accordance with the terms of this Policy.

IN WITNESS WHEREOF, the Company has caused this Policy to be executed and attested these presents, but this Policy shall not be valid unless countersigned by a duly authorized representative of the Company.

President

Secretary

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, Texas 77040

SERVICE CONTRACT REIMBURSEMENT INSURANCE POLICY

DISCLOSURE OF GUARANTY FUND NONPARTICIPATION:

In the event the Insurer is unable to fulfill its contractual obligation under this policy or contract or application or certificate or evidence of coverage, the policyholder or certificate holder is not protected by an insurance guaranty fund or other solvency protection arrangement.

POLICY PROVISIONS

Sentruity Casualty Company (a stock insurance company), in consideration of the payment of the premium and in reliance upon the statements in the Declarations Page and subject to the limits of liability, exclusions, conditions and other terms of this Policy agrees with the Insured as follows:

I. INSURING AGREEMENTS

1. **DEFINITION OF COVERAGES:** The Company will indemnify the Insured against Loss, subject to the Loss Reserve Fund provision herein, arising out of the reasonable and customary cost of repair or replacement under and in accordance with all terms of the Service Contracts issued by the Insured on or after the inception date of this Policy.

The Company agrees, subject to the following terms, conditions, and exclusions:

- A. to pay the Insured or to pay on behalf of the Insured in the event of the Insured's nonperformance, all Loss which the Insured shall become legally obligated to pay as Claims under valid Service Contracts issued during the Policy Period shown in the Declarations Page; or
- B. to pay on behalf of the Insured in the event of the Insured's nonperformance, refunds of the unearned consideration paid by the Service Contract Holder for a Service Contract in excess of the premium charged by the Company; or
- C. to provide the service, in the event of the Insured's nonperformance, that the Insured is legally obligated to perform according to the Insured's contractual obligations under the Service contracts issued during the Policy Period shown in the Declarations Page.

Coverage hereunder shall be provided on an occurrence basis.

Upon failure of the Insured to pay or provide service on a valid claim within sixty days after proof of Loss has been filed with Insured, coverage hereunder shall be provided directly to the Service Contract Holder.

Termination of this Policy shall not affect or reduce the Company's obligations to, or responsibility for, direct coverage to Service Contract Holders whose Service Contracts were made during the term of this Policy and were covered under this Policy.

Revocation or other termination of Insured's registration as a service contract provider in any state shall be construed to be default by the Insured under Service Contracts sold in such state(s). In the event of such suspension, the Company shall provide for direct coverage to the covered Service Contract Holders in such state(s) without having to wait sixty (60) days, until such time as the Insured is permitted to resume business in such state(s).

2. **LOSS RESERVE FUND:** The Company's liability herein shall be limited to covered Loss in excess of the Loss Reserve Fund applicable to the Insured, subject to the Maximum and Aggregate Limits of Liability specified on the Declarations Page.
3. **SETTLEMENT OF COMPANY'S LIABILITY:** The Company agrees to indemnify the Insured or, in the alternative, pay directly to the Repair Facility or Service Contract Holder in accordance with the Service Contract issued by the Insured.

II. DEFINITIONS

The following terms, which are capitalized whenever they appear in this Policy or any endorsements to this Policy, have special or limited meanings, set forth below in alphabetical order:

1. **"Administrator"** means the Company's designated administrator.
2. **"Claim"** shall mean a claim for performance of a contractual obligation under the terms and conditions of the Service Contract arising during the Policy Period.
3. **"Company"** means Sentruity Casualty Company.
4. **"Consequential Damages"** shall mean such damage, loss or injury as does not flow directly and immediately from an occurrence of Loss, but only from the consequence or results of such an occurrence of Loss.
5. **"Covered Unit"** means a product for which the Insured has issued a Service Contract.
6. **"Insured"** means the named insured specified in Item 1 of the Declarations Page.
7. **"Loss(es)"** means any and all valid Claims arising during the Policy Period covered by the terms and conditions of the Service Contract at the time the Service Contract was issued.
8. **"Loss Reserve Fund"** means any loss reserve fund as may be established from time to time by the Administrator on behalf of the Insured to cover Losses under Service Contracts.
9. **"Policy"** means this Service Contract Reimbursement Insurance Policy issued by the Company.
10. **"Policy Period"** means the period specified in Item 2 of the Declarations Page.
11. **"Repair Facility"** shall mean a dealership, manufacturer's service center or independent service center authorized by the Administrator to perform repairs on behalf of the Insured under valid Service Contracts.
12. **"Service Contract(s)"** means service contract(s) issued by the Insured on or after the inception date of this Policy and for which a premium has been paid.
13. **"Service Contract Holder"** means a person, or legal entity, owning a Service Contract acquired directly from the Insured, or a qualified transferee, which is currently in force.

III. EXCLUSIONS

Notwithstanding anything herein contained, this Policy does NOT cover:

1. Any Loss caused by or contributed to by a dishonest, criminal or fraudulent act of the Service Contract Holder, the Insured, a partner thereof, or a director, officer, trustee, employee or agent thereof;
2. Any Loss arising from fines, penalties, punitive, exemplary, extra contractual or Consequential Damages;

3. Any Loss caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such Loss be direct or indirect, proximate or remote, or be in whole or part caused by, contributed to, or aggravated by the peril(s) insured against in this Policy;
4. Any Loss caused by:
 - A. hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual impending or expected attack, (i) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (ii) by military, naval or air forces; or (iii) by any agent of such government, power, authority or forces;
 - B. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - C. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
5. Any Loss arising from any liability assumed by the Insured or the Service Contract Holder by any contract or agreement, except the Service Contract(s);
6. Any Loss while the Covered Unit is used in any illicit trade or transportation or in the commission of a felony;
7. Any Loss to any Covered Unit if that unit is rented to another by the Insured or Service Contract Holder;
8. Any Loss or damages caused by faulty repair work or failure to perform repair work by the Insured, its agents or employees, or any Repair Facility, or its agents or employees;
9. Any Loss caused by negligence of any kind, misrepresentation, willful or intentional misconduct or strict liability;
10. Any Loss arising out of implied warranties of merchantability, implied warranties of fitness, and strict liability, except as expressly provided herein;
11. Any Loss or liability for Claims to anyone other than the Service Contract Holder, liability for Loss to anyone other than the Insured, and any Claim or Loss occurring prior to the effective date of this Policy;
12. Any Loss or liability under Garage Keeper's insurance;
13. Any Loss or liability for any Service Contract that has not been approved in writing by the Company; or
14. Damages for bad faith, personal injury including bodily injury, property damage (except as specifically stated in the Service Contract), and attorney's fees.

IV. DUTIES OF THE INSURED

The Insured agrees to the following:

1. **PAYMENT OF PREMIUM:** Within thirty (30) days from the last day of each month in which any Service contracts are issued, the Insured shall pay the full premium due for such Service Contracts. The payments of premiums are due and payable to the Company only in United States currency and are to be sent to the Company.

2. **COMMENCEMENT OF COVERAGE:** The Insured agrees that the Company shall have no obligation under this Policy until:
 - A. The Insured has issued a Service Contract; and
 - B. The Company has received premium for same.

V. CONDITIONS

1. **INSPECTION AND AUDIT:** The Company shall have the right to inspect the Insured's premises, books and records as same pertain to coverage under this Policy. This right shall extend until one (1) year after Service Contracts issued by the Insured are no longer in effect. Neither the rights set forth hereunder nor any report made by the Insurer in exercise of that right shall constitute any undertaking, on behalf of or for the benefit of the Insured or other, to determine or warrant that the operations are in compliance with applicable law, rule or regulation. The Insurer may request the Insured to mail proof of Loss documents, at the Insured's expense, to the Insurer in order to complete an offsite audit.
2. **PREMIUM PROVISIONS:** Premium charges will be in accordance with the Company's rates and rules in effect at the time each Service Contract is issued. Premium adjustments made by the Company under the rating plan shall not be effective until such time as the Company has provided the Insured with at least thirty (30) days advance written notice of the change.

Upon the inception of coverage as provided by this Policy for the Insured's liability under each Service Contract issued, the premium for such coverage shall be earned by the Company in line with the risk assumed by the Company, and no part thereof shall be refundable to the Insured, except that a partial refund shall be made by the Company to the Insured for each Service Contract cancelled by the Service Contract Holder.

3. **MONTHLY REPORTING PROVISION:** The Insured shall maintain and keep an accurate record of Service Contracts issued in accordance with this Policy and, not later than thirty (30) days after the closing of the preceding month, report to the Company or its authorized representative the Service Contracts issued during the monthly reporting period. The Company shall not be liable under any Service Contract issued by the Insured unless so reported.

In the event of Policy cancellation, the Insured shall report all Service Contracts issued up to and including the date the cancellation becomes effective.

4. **NOTICE OF LOSS:** In the event of Loss under this Policy, the Insured shall give notice of Loss to the Company or its designated agent or representative as soon thereafter as practicable and shall file with the Company or its designated agent, within sixty (60) days from the date of Loss, a detailed proof of Loss in the form required by the Company. Failure by the Insured to report the said Loss and to file such proof of Loss as hereinbefore provided shall invalidate any Claim under this Policy for such Loss.
5. **PAYMENT FOR LOSS:** Payment for Loss may not be required nor shall action lie against the Company unless, as conditions precedent thereto, the Insured shall have fully complied with all terms of this Policy, thirty (30) days shall have elapsed after proof of Loss is filed, and the amount of Loss shall have been determined as provided in this Policy.

It is also a condition of this insurance, precedent to payment of any Claim, that the Insured or an authorized representative of the Insured shall have carried out the repair and/or replacement on which the Claim is based, after having received prior authorization from the Company or its designated agent or Administrator.

6. **CLAIMS HANDLING:**
 - A. Within fifteen (15) days after the Company receives written notice of Claim, the Company will:

- (i) Acknowledge receipt of the Claim.
 - (ii) Begin any investigation of the Claim; and
 - (iii) Request from the Insured information and form necessary to process the Claim. The Company may request more information at a later date, if during the investigation of the Claim such additional information is necessary.
- B. The Company will notify the Insured in writing as to whether:
- (i) The Claim or part of the Claim will be paid;
 - (ii) The Claim or part of the Claim has been denied, and inform the Insured of the reasons for denial;
 - (iii) More information is necessary; or
 - (iv) The Company needs additional time to reach a decision. If the Company needs additional time, the Company will inform the Insured of the reasons for such need.
- C. The Company will provide notification, as described in B(i) through B(iv) above, within:
- (i) Fifteen (15) business days after the Company receives all information the Company requested, or
 - (ii) Thirty (30) days after the Company receives all information the Company requested, if the Company has reason to believe the Loss resulted from arson.

If the Company has notified the Insured that the Company needs additional time to reach a decision, the Company must then either approve or deny the Claim within forty-five (45) days of such notice.

- D. The Company will pay for covered Loss or damage within five (5) business days after:
- (i) The Company has notified the Insured that payment of the claim or part of the claim will be made and have reached agreement with the Insured on the amount of Loss; or
 - (ii) An appraisal award has been made.

However, if payment of the claim or part of the Claim is conditioned on the Insured's compliance with any of the terms of this Policy, the Company will make payment within five (5) business days after the date the Insured has complied with such terms.

7. **NOTICE OF SETTLEMENT OF LIABILITY CLAIM:** The Company will notify the named Insured in writing of initial offer to compromise or settle a Claim against the Insured not later than the 10th day after the date on which the offer is made. The Company will notify the named Insured in writing of any settlement of a Claim against the Insured not later than the 30th day after the date of the settlement.
8. **INSURED'S INDEMNIFICATION OF INSURER:** The Insured does hereby indemnify and hold the Insurer free and harmless against any and all claims, actions, demands, or liabilities arising out of Losses whether well founded or not, that may be asserted against the Insurer by third parties by reason of the Insured's breach of or failure to perform any of its obligations under this Policy.
9. **ASSIGNMENT:** This Policy is personal to the Insured. Any purported assignment of interest in the Policy by the Insured or transfer of interest by operation of law or any act of insolvency on the part of the

Insured shall immediately render this Policy cancelled as of such date. Any assignment of interest under this Policy shall not bind the Company.

10. **APPROVED SERVICE CONTRACTS:** It is a condition of this insurance that the Service Contract(s) issued by the Insured are identical to the specimen copy(s) on file with and approved by the Company and will remain unaltered unless the Company is duly notified of any proposed alteration.
11. **TERRITORY:** This Policy covers Service Contracts issued by the Insured within the United States.
12. **SUBROGATION:** In the event of any payment under this Policy, the Company shall be subrogated to all the Insured's rights of recovery thereof against any person or organization, and the Insured shall execute and deliver instruments and papers to do whatever else is necessary to secure such rights. The Insured shall do nothing after Loss to prejudice such rights.
13. **BURDEN OF PROOF:** It is a condition of this Policy that the Insured will be required to prove any Loss sustained as a precedent to payment of any Claim. Such proof of Loss shall be made within thirty (30) days of the notice of any Claim and shall include such information as may be required by the Company.
14. **SALVAGE & RECOVERY:** All salvages, recoveries and payments received subsequent to a Loss settlement under this Policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.
15. **ASSISTANCE AND COOPERATION OF THE INSURED:** The Insured shall cooperate with the Company, and upon the Company's request, shall submit to examination under oath, attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and in the conduct of suits.
16. **CONFORMITY TO LAW:**
 - A. The terms of this Policy which at the time of issuance of this Policy are in conflict with the laws of the state in which this Policy is issued are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of this Policy.
 - B. The terms of this Policy which at the time of issuance of this Policy are in conflict with the laws of the state in which a Service Contract is sold, are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of this Policy.
 - C. The terms of this Policy which at the time of issuance of any Service Contract insured hereunder are in conflict with the laws of the state in which such Service Contract is issued are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of such Service Contract, provided that such amendment shall only apply to the Service Contract thus affected.
17. **OTHER INSURANCE:** If, at the time of Loss hereunder, there is other insurance for such Loss in the name of or for the benefit of the Insured, this insurance shall be considered as excess insurance and shall not apply to nor contribute to the payment of any Loss until all such other insurance shall have been exhausted.
18. **CHANGES:** This Policy, including the Declarations Page, terms, conditions, limitations, exceptions, and exclusions, together with the endorsements and attached papers, if any, constitutes the entire policy of insurance. No change in the Policy shall be endorsed hereon or attached thereto without the prior written approval of the Company. No agent has authority to change the Policy or to waive any of its provisions.
19. **ACTION AGAINST COMPANY:** No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all terms of this Policy.

20. **SERVICE OF SUIT:** In the event the Company fails to pay any amount claimed to be due hereunder, the Company, at the request of the Insured, will submit to the jurisdiction of any court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court.

Further, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer (if specified for that purpose in any relevant statute) or his successor or successors in office, as the Company's true and lawful attorney upon whom, at his offices in the state where the Insured resides, may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the following as the person to whom the said officer is authorized to mail such process or a true copy thereof:

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, Texas 77040
ATTENTION: PRESIDENT

21. **DEFENSE AND SETTLEMENT:** The Company shall not be called upon to assume charge of the settlement or defense of any claim made or suit brought against the Insured; however, the Company shall have the right, and shall be afforded the opportunity, to associate with the Insured in the defense and control of any claim or suit.
22. **FRAUD AND MISREPRESENTATION:** This Policy shall be void if the Insured has concealed or misrepresented or created any material fact or circumstance concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or submission of false or inflated Claims or false swearing by the Insured touching any matter relating to this insurance or the subject thereof, whether before or after a Loss.
23. **POLICY TERM:** The Policy Period shall be for a term of one year (ending on December 31 of each year), subject to automatic annual renewals, unless either the Insured or the Company gives prior notice to the other party of its intention not to renew this Policy. The initial Policy Period may be for a term of less than one year, unless this Policy is effective on January 1 of such Policy Period.
24. **POLICY CANCELLATION:**
- A. **By the Company:**
- (i) The Company may cancel this Policy by mailing or delivering to the first named Insured written notice of cancellation, stating the reason for cancellation, at least ten (10) days before the effective date of cancellation.
 - (ii) If this Policy has been in effect for sixty (60) or fewer days, the Company may cancel for any reason.
 - (iii) If this Policy has been in effect for more than sixty (60) days or if it is a renewal or continuation of a Policy issued by the Company, the Company may cancel only for one or more of the following reasons:
 - (a) fraud in obtaining coverage;
 - (b) failure to pay premiums when due;
 - (c) an increase in hazard within the control of the Insured or other Insured which would produce an increase in rate;
 - (d) loss of reinsurance covering all or part of the risk covered by the Policy; or

- (e) if the Company has been placed in supervision, conservatorship, or receivership, and the cancellation is approved or directed by the supervisor, conservator, or receiver.
- (iv) Nonrenewal:
 - (a) The Company may elect not to renew this Policy by delivering or mailing to the first named Insured, at the last mailing address know to the Company, written notice of nonrenewal, stating the reason for nonrenewal, at least sixty (60) days before the expiration date. If notice is mailed or delivered later than the sixty (60) days before the expiration date, this Policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the Expiration Date shall be computed pro rata based on the previous year's premium.
 - (b) If notice is mailed, proof of mailing will be sufficient proof of notice.

The Company may not cancel or refuse to renew this Policy based solely on the fact that the Insured is an elected official.

B. **By the Insured:** The Insured has the right to cancel this Policy:

- (i) By sending the Company written notice of its intent to cancel the Policy showing the date cancellation is to be effective.

C. **Effect of Cancellation:** Cancellation of this Policy shall not reduce the Company's liability for any Claims incurred under Service Contracts issued prior to the date on which cancellation takes effect. Should no Service Contracts be submitted pursuant to the provisions of Section V, paragraph 3, of this Policy for a period of three (3) consecutive months, it will constitute an automatic withdrawal from coverage by the Insured. The Company may, at it option, waive this provision.

25. **REGULATORY NOTICE:** Where required by the laws of a state in which Service Contracts insured hereunder are issued, the Company shall mail notice of cancellation or non-renewal of this Policy to the governmental authorities entitled to such notice within the period prescribed by such laws.

VI. OTHER AGREEMENTS

1. It is hereby agreed that in the event the Insured is no longer in business, for whatever reason, the Company will provide directly to the Service Contract Holder all benefits to which the Service Contract Holder is entitled under the terms of the Service Contract.
2. In the event of payment under the terms of this provision, the Company shall be subrogated to the Insured's right to recovery from any reserves maintained to pay Losses on behalf of the Insured, including reserves in the Loss Reserve Fund.
3. It is further agreed that in the event the Administrator is unable to perform his obligations for any reason, the Company will assume the Administrator's responsibilities.

VII. IMPLIED LIABILITY

In consideration of the premium charged, coverage is extended to include defects in material and workmanship of the entire Covered Unit of those Covered Units described, and not otherwise covered under Service Contracts

covered by this Policy, subject to the following conditions, limitations and exclusions which shall apply to this extension of coverage:

1. Repair and/or replacement is limited to that required by the imposition of law under implied warranty incurred by the Insured as a result of having issued a Service Contract.
2. The Company shall not be liable unless and until a court judgment is rendered against the Insured. However, the Company may, at its sole option, negotiate and/or settle any alleged Claim prior to or during any suit for such judgment.
3. Coverage shall not apply to any defect in material or workmanship which is obvious, or of which the Insured may reasonably be expected to have knowledge, existing at the time of sale of the Service Contract.
4. Coverage shall apply only for the period imposed by law for implied warranty, or the term of the Service Contract, whichever is the shorter period of time and/or mileage.
5. The Company shall not be liable for more than the lesser of:
 - A. The actual cost of repair or replacement, or
 - B. The actual cash value of the Covered Unit at the time of Loss, or
 - C. The purchase price of the Covered Unit, reduced by all previous Claims paid under this Policy.
6. Each Claim for Loss shall be adjusted separately.

NOTICE

This Policy does not provide Bodily Injury or Property Damage Liability Insurance nor does it comply with any financial responsibility law. The limit of the Company's liability shall not exceed the limits specified herein, in accordance with the terms of this Policy.

IN WITNESS WHEREOF, the Company has caused this Policy to be executed and attested these presents, but this Policy shall not be valid unless countersigned by a duly authorized representative of the Company.

President

Secretary

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, Texas 77040

SERVICE CONTRACT REIMBURSEMENT INSURANCE POLICY

DISCLOSURE OF GUARANTY FUND NONPARTICIPATION:

In the event the Insurer is unable to fulfill its contractual obligation under this policy or contract or application or certificate or evidence of coverage, the policyholder or certificate holder is not protected by an insurance guaranty fund or other solvency protection arrangement.

POLICY PROVISIONS

Sentruity Casualty Company (a stock insurance company), in consideration of the payment of the premium and in reliance upon the statements in the Declarations Page and subject to the limits of liability, exclusions, conditions and other terms of this Policy agrees with the Insured as follows:

I. INSURING AGREEMENTS

1. **DEFINITION OF COVERAGES:** The Company will indemnify the Insured against Loss arising out of the reasonable and customary cost of repair or replacement under and in accordance with all terms of the Service Contracts issued by the Insured on or after the inception date of this Policy.

The Company agrees, subject to the following terms, conditions, and exclusions:

- A. to pay the Insured, or to pay on behalf of the Insured in the event of the Insured's nonperformance, all Loss which the Insured shall become legally obligated to pay as Claims under valid Service Contracts issued during the Policy Period shown in the Declarations Page; or
- B. to pay on behalf of the Insured in the event of the Insured's nonperformance, refunds of the unearned consideration paid by the Service Contract Holder for a Service Contract in excess of the premium charged by the Company; or
- C. to provide the service, in the event of the Insured's nonperformance, that the Insured is legally obligated to perform according to the Insured's contractual obligations under the Service Contracts issued during the Policy Period shown in the Declarations Page.

Coverage hereunder shall be provided on an occurrence basis.

Upon failure of the Insured to pay or provide service on a valid Claim within sixty (60) days after proof of Loss has been filed with Insured, coverage hereunder shall be provided directly to the Service Contract Holder.

Termination of this Policy shall not affect or reduce the Company's obligations to, or responsibility for, direct coverage to Service Contract Holders whose Service Contracts were made during the term of this Policy and were covered under this Policy.

Revocation or other termination of Insured's registration as a service contract provider in any state shall be construed to be default by the Insured under Service Contracts sold in such state(s). In the event of such suspension, the Company shall provide for direct coverage to the covered Service Contract Holders in such state(s) without having to wait sixty (60) days, or until such time as the Insured is permitted to resume business in such state(s).

2. **COMPANY'S LIABILITY:** The Company's liability herein shall be limited to covered Loss subject to the Maximum and Aggregate Limits of Liability specified on the Declarations Page. The Insured's purchase of this Policy indemnifies the Insured for all financial obligations, as contained in an accepted and valid Service Contract, to the Service Contract Holder.
3. **SETTLEMENT OF COMPANY'S LIABILITY:** The Company agrees to indemnify the Insured or, in the alternative, pay directly to the Repair Facility or Service Contract Holder in accordance with the Service Contract issued by the Insured.

II. DEFINITIONS

The following terms, which are capitalized whenever they appear in this Policy or any endorsements to this Policy, have special or limited meanings, set forth below in alphabetical order:

1. **"Administrator"** means the Company's designated administrator.
2. **"Claim"** shall mean a claim for performance of a contractual obligation arising during the Policy Period.
3. **"Company"** means Sentruity Casualty Company.
4. **"Consequential Damages"** shall mean such damage, loss or injury as does not flow directly and immediately from an occurrence of Loss, but only from the consequences or results of such an occurrence of Loss.
5. **"Covered Unit"** means a product for which the Insured has issued a Service Contract.
6. **"Insured"** means the named Insured specified in Item 1 of the Declarations Page.
7. **"Loss(es)"** means any and all valid Claims arising during the Policy Period covered by the terms and conditions of the Service Contract at the time the Service Contract was issued.
8. **"Policy"** means this Service Contract Reimbursement Insurance Policy issued by the Company.
9. **"Policy Period"** means the period specified in Item 2 of the Declarations Page.
10. **"Repair Facility"** shall mean a dealership, manufacturer's service center or independent service center authorized by the Administrator to perform repairs on behalf of the Insured under valid Service Contracts.
11. **"Service Contract(s)"** means service contract(s) issued by the Insured on or after the inception date of this Policy and for which a premium has been paid.
12. **"Service Contract Holder"** means a person, or legal entity, owning a Service Contract acquired directly from the Insured, or a qualified transferee, which is currently in force.

III. EXCLUSIONS

Notwithstanding anything herein contained, this Policy does NOT cover:

1. Any Loss caused by or contributed to by a dishonest, criminal or fraudulent act of the Service Contract Holder, the Insured, a partner thereof, or a director, officer, trustee, employee or agent thereof;
2. Any Loss arising from fines, penalties, punitive, exemplary, extra contractual or Consequential Damages;

3. Any Loss caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such Loss be direct or indirect, proximate or remote, or be in whole or part caused by, contributed to, or aggravated by the peril(s) Insured against in this Policy;
4. Any Loss caused by:
 - A. hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual impending or expected attack, (i) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (ii) by military, naval or air forces; or (iii) by any agent of such government, power, authority or forces;
 - B. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - C. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
5. Any Loss arising from any liability assumed by the Insured or the Service Contract Holder by any contract or agreement, except the Service Contract(s);
6. Any Loss while the Covered Unit is used in any illicit trade or transportation or in the commission of a felony;
7. Any Loss to any Covered Unit if that unit is rented to another by the Insured or Service Contract Holder;
8. Any Loss or damages caused by faulty repair work or failure to perform repair work by the Insured, its agents or employees, or any Repair Facility, or its agents or employees;
9. Any Loss caused by negligence of any kind, misrepresentation, willful or intentional misconduct or strict liability;
10. Any Loss arising out of implied warranties of merchantability, implied warranties of fitness, and strict liability, except as specifically provided herein;
11. Any Loss or liability for Claims to anyone other than the Service Contract Holder, liability for Loss to anyone other than the Insured, and any Claim or Loss occurring prior to the effective date of this Policy;
12. Any Loss or liability under Garage Keeper's insurance;
13. Any Loss or liability for any Service Contract that has not been approved in writing by the Company; or
14. Damages for bad faith, personal injury including bodily injury, property damage (except as specifically stated in the Service Contract), and attorney's fees.

IV. DUTIES OF THE INSURED

The Insured agrees to the following:

1. **PAYMENT OF PREMIUM:** Within thirty (30) days from the last day of each month in which any Service Contracts are issued, the Insured shall pay the full premium due for such Service Contracts. The payments of premiums are due and payable to the Company only in United States currency and are to be sent to the Company.

2. **COMMENCEMENT OF COVERAGE:** The Insured agrees that the Company shall have no obligation under this Policy until:
 - A. the Insured has issued a Service Contract; and
 - B. the Company has received premium for same.

V. CONDITIONS

1. **INSPECTION AND AUDIT:** The Company shall have the right to inspect the Insured's premises, books and records as same pertain to coverage under this Policy. This right shall extend until one (1) year after Service Contracts issued by the Insured are no longer in effect. Neither the rights set forth hereunder nor any report made by the Insurer in exercise of that right shall constitute any undertaking, on behalf of or for the benefit of the Insured or other, to determine or warrant that the operations are in compliance with any applicable law, rule, or regulation. The Insurer may request the Insured to mail proof of Loss documents, at the Insured's expense, to the Insurer in order to complete an offsite audit.
2. **PREMIUM PROVISIONS:** Premium charges will be in accordance with the Company's rates and rules in effect at the time each Service Contract is issued. Premium adjustments made by the Company under the rating plan shall not be effective until such time as the Company has provided the Insured with at least thirty (30) days advance written notice of the change.

Upon the inception of coverage as provided by this Policy for the Insured's liability under each Service Contract issued, the premium for such coverage shall be earned by the Company in line with the risk assumed by the Company, and no part thereof shall be refundable to the Insured, except that a partial refund shall be made by the Company to the Insured for each Service Contract cancelled by the Service Contract Holder.

3. **MONTHLY REPORTING PROVISION:** The Insured shall maintain and keep an accurate record of Service Contracts issued in accordance with this Policy and, not later than thirty (30) days after the closing of the preceding month, report to the Company or its authorized representative the Service Contracts issued during the monthly reporting period. The Company shall not be liable under any Service Contract issued by the Insured unless so reported.

In the event of Policy cancellation, the Insured shall report all Service Contracts issued up to and including the date the cancellation becomes effective.

4. **NOTICE OF LOSS:** In the event of Loss under this Policy, the Insured shall give notice of Loss to the Company or its designated agent or representative as soon thereafter as practicable and shall file with the Company or its designated agent, within ninety (90) days from the date of Loss, a detailed proof of Loss in the form required by the Company. Failure by the Insured to report the said Loss and to file such proof of Loss as hereinbefore provided shall invalidate any Claim under this Policy for such Loss.
5. **PAYMENT FOR LOSS:** Payment for Loss may not be required nor shall action lie against the Company unless, as conditions precedent thereto, the Insured shall have fully complied with all terms of this Policy, ninety (90) days shall have elapsed after proof of Loss is filed, and the amount of Loss shall have been determined as provided in this Policy.

It is also a condition of this insurance, precedent to payment of any Claim, that the Insured or an authorized representative of the Insured shall have carried out the repair and/or replacement on which the Claim is based, after having received prior authorization from the Company or its designated agent or Administrator.

6. **CLAIMS HANDLING:**
 - A. Within fifteen (15) days after the Company receives written notice of Claim, the Company will:

- (i) Acknowledge receipt of the Claim.
 - (ii) Begin any investigation of the Claim; and
 - (iii) Request from the Insured information and form necessary to process the Claim. The Company may request more information at a later date, if during the investigation of the Claim such additional information is necessary.
- B. The Company will notify the Insured in writing as to whether:
- (i) The Claim or part of the Claim will be paid;
 - (ii) The Claim or part of the Claim has been denied, and inform the Insured of the reasons for denial;
 - (iii) More information is necessary; or
 - (iv) The Company needs additional time to reach a decision. If the Company needs additional time, the Company will inform the Insured of the reasons for such need.
- C. The Company will provide notification, as described in B(i) through B(iv) above, within:
- (i) Fifteen (15) business days after the Company receives all information the Company requested, or
 - (ii) Thirty (30) days after the Company receives all information the Company requested, if the Company has reason to believe the Loss resulted from arson.

If the Company has notified the Insured that the Company needs additional time to reach a decision, the Company must then either approve or deny the Claim within forty-five (45) days of such notice.

- D. The Company will pay for covered Loss or damage within five (5) business days after:
- (i) The Company has notified the Insured that payment of the claim or part of the claim will be made and have reached agreement with the Insured on the amount of Loss; or
 - (ii) An appraisal award has been made.

However, if payment of the claim or part of the Claim is conditioned on the Insured's compliance with any of the terms of this Policy, the Company will make payment within five (5) business days after the date the Insured has complied with such terms.

7. **NOTICE OF SETTLEMENT OF LIABILITY CLAIM:** The Company will notify the named Insured in writing of initial offer to compromise or settle a Claim against the Insured not later than the 10th day after the date on which the offer is made. The Company will notify the named Insured in writing of any settlement of a Claim against the Insured not later than the 30th day after the date of the settlement.
8. **INSURED'S INDEMNIFICATION OF INSURER:** The Insured does hereby indemnify and hold the Insurer free and harmless against any and all claims, actions, demands, or liabilities arising out of Losses, whether well founded or not, that may be asserted against the Insurer by third parties by reason of the Insured's breach of or failure to perform any of its obligations under this Policy.

9. **ASSIGNMENT:** This Policy is personal to the Insured. Any purported assignment of interest in the Policy by the Insured or transfer of interest by operation of law or any act of insolvency on the part of the Insured shall immediately render this Policy cancelled as of such date. Any assignment of interest under this Policy shall not bind the Company.
10. **APPROVED SERVICE CONTRACTS:** It is a condition of this insurance that the Service Contract(s) issued by the Insured are identical to the specimen copy(s) on file with and approved by the Company and will remain unaltered unless the Company is duly notified of any proposed alteration.
11. **TERRITORY:** This Policy covers Service Contracts issued by the Insured within the United States.
12. **SUBROGATION:** In the event of any payment under this Policy, the Company shall be subrogated to all the Insured's rights of recovery thereof against any person or organization, and the Insured shall execute and deliver instruments and papers to do whatever else is necessary to secure such rights. The Insured shall do nothing after Loss to prejudice such rights.
13. **BURDEN OF PROOF:** It is a condition of this Policy that the Insured will be required to prove any Loss sustained as a precedent to payment of any Claim. Such proof of Loss shall be made within thirty (30) days of the notice of any Claim and shall include such information as may be required by the Company.
14. **SALVAGE & RECOVERY:** All salvages, recoveries and payments received subsequent to a Loss settlement under this Policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.
15. **ASSISTANCE AND COOPERATION OF THE INSURED:** The Insured shall cooperate with the Company and, upon the Company's request, shall submit to examination under oath, attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and in the conduct of suits.
16. **CONFORMITY TO LAW:**
 - A. The terms of this Policy which at the time of issuance of this Policy are in conflict with the laws of the state in which this Policy is issued are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of this Policy.
 - B. The terms of this Policy which at the time of issuance of this Policy are in conflict with the laws of the state in which a Service Contract is sold are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of this Policy.
 - C. The terms of this Policy which at the time of issuance of any Service Contract issued hereunder are in conflict with the laws of the state in which such Service Contract is issued are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of such Service Contract, provided that such amendment shall only apply to the Service Contract thus affected.
17. **OTHER INSURANCE:** If, at the time of Loss hereunder, there is other insurance for such Loss in the name of or for the benefit of the Insured, this insurance shall be considered as excess insurance and shall not apply to nor contribute to the payment of any Loss until all such other insurance shall have been exhausted.
18. **CHANGES:** This Policy, including the Declarations Page, terms, conditions, limitations, exceptions, and exclusions, together with the endorsements and attached papers, if any, constitutes the entire policy of insurance. No change in the Policy shall be endorsed hereon or attached thereto without the prior written approval of the Company. No agent has authority to change the Policy or to waive any of its provisions.

19. **ACTION AGAINST COMPANY:** No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all terms of this Policy.
20. **SERVICE OF SUIT:** In the event the Company fails to pay any amount claimed to be due hereunder, the Company, at the request of the Insured, will submit to the jurisdiction of any court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court.

Further, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer (if specified for that purpose in any relevant statute) or his successor or successors in office, as the Company's true and lawful attorney upon whom, at his offices in the state where the Insured resides, may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the following as the person to whom the said officer is authorized to mail such process or a true copy thereof:

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, TX 77040
ATTENTION: PRESIDENT

21. **DEFENSE AND SETTLEMENT:** The Company shall not be called upon to assume charge of the settlement or defense of any claim made or suit brought against the Insured; however, the Company shall have the right, and shall be afforded the opportunity, to associate with the Insured in the defense and control of any claim or suit.
22. **FRAUD AND MISREPRESENTATION:** This Policy shall be void if the Insured has concealed or misrepresented or created any material fact or circumstance concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or submission of false or inflated Claims or false swearing by the Insured touching any matter relating to this insurance or the subject thereof, whether before or after a Loss.
23. **POLICY TERM:** The Policy Period shall be for a term of one year (ending on December 31 of each year), subject to automatic annual renewals, unless either the Insured or the Company gives prior notice to the other party of its intention not to renew this Policy. The initial Policy Period may be for a term of less than one year, unless this Policy is effective on January 1 of such Policy Period.
24. **POLICY CANCELLATION:**
- A. **By the Company:**
- (i) The Company may cancel this Policy by mailing or delivering to the first named Insured written notice of cancellation, stating the reason for cancellation, at least ten (10) days before the effective date of cancellation.
 - (ii) If this Policy has been in effect for sixty (60) or fewer days, the Company may cancel for any reason.
 - (iii) If this Policy has been in effect for more than sixty (60) days or if it is a renewal or continuation of a Policy issued by the Company, the Company may cancel only for one or more of the following reasons:
 - (a) fraud in obtaining coverage;

- (b) failure to pay premiums when due;
 - (c) an increase in hazard within the control of the Insured or other Insured which would produce an increase in rate;
 - (d) loss of reinsurance covering all or part of the risk covered by the Policy; or
 - (e) if the Company has been placed in supervision, conservatorship, or receivership, and the cancellation is approved or directed by the supervisor, conservator, or receiver.
- (iv) Nonrenewal:
- (a) The Company may elect not to renew this Policy by delivering or mailing to the first named Insured, at the last mailing address know to the Company, written notice of nonrenewal, stating the reason for nonrenewal, at least sixty (60) days before the expiration date. If notice is mailed or delivered later than the sixty (60) days before the expiration date, this Policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the Expiration Date shall be computed pro rata based on the previous year's premium.
 - (b) If notice is mailed, proof of mailing will be sufficient proof of notice.

The Company may not cancel or refuse to renew this Policy based solely on the fact that the Insured is an elected official.

The transfer of a policyholder between admitted companies within the same insurance group is not considered a refusal to renew.

B. By the Insured: The Insured has the right to cancel this Policy:

- (i) By sending the Company written notice of its intent to cancel the Policy showing the date cancellation is to be effective.

C. Effect of Cancellation: Cancellation of this Policy shall not reduce the Company's liability for any Claims incurred under Service Contracts issued prior to the date on which cancellation takes effect. Should no Service Contracts be submitted pursuant to the provisions of Section V, paragraph 3, of this Policy for a period of three (3) consecutive months, it will constitute an automatic withdrawal from coverage by the Insured. The Company may, at it option, waive this provision.

25. **REGULATORY NOTICE:** Where required by the laws of a state in which warranties insured hereunder are issued, the Company shall mail notice of cancellation or non-renewal of this Policy to the governmental authorities entitled to such notice within the period prescribed by such laws.

VI. OTHER AGREEMENTS

1. It is hereby agreed that in the event the Insured is no longer in business, for whatever reason, the Company will provide directly to the Service Contract Holder all benefits to which the Service Contract Holder is entitled under the terms of the Service Contract.
2. In the event of payment under the terms of this provision, the Company shall be subrogated to the Insured's right to recovery from any reserves maintained to pay Losses on behalf of the Insured.

3. It is further agreed that in the event the Administrator is unable to perform its obligations for any reason, the Company will assume the Administrator's responsibilities.

VII. IMPLIED LIABILITY

In consideration of the premium charged, coverage is extended to include defects in material and workmanship of the entire Covered Unit of those Covered Units described, and not otherwise covered under Service Contracts covered by this Policy, subject to the following conditions, limitations and exclusions which shall apply to this extension of coverage:

1. Repair and/or replacement is limited to that required by the imposition of law under implied warranty incurred by the Insured as a result of having issued a Service Contract.
2. The Company shall not be liable unless and until a court judgment is rendered against the Insured. However, the Company may, at its sole option, negotiate and/or settle any alleged Claim prior to or during any suit for such judgment.
3. Coverage shall not apply to any defect in material or workmanship which is obvious, or of which the Insured may reasonably be expected to have knowledge, existing at the time of sale of the Service Contract.
4. Coverage shall apply only for the period imposed by law for implied warranty, or the term of the Service Contract, whichever is the shorter period of time and/or mileage.
5. The Company shall not be liable for more than the lesser of:
 - A. The actual cost of repair or replacement, or
 - B. The actual cash value of the Covered Unit at the time of Loss, or
 - C. The purchase price of the Covered Unit, reduced by all previous Claims paid under this Policy.
6. Each Claim for Loss shall be adjusted separately.

NOTICE

This Policy does not provide Bodily Injury or Property Damage Liability Insurance nor does it comply with any financial responsibility law. The limit of the Company's liability shall not exceed the limits specified herein, in accordance with the terms of this Policy.

IN WITNESS WHEREOF, the Company has caused this Policy to be executed and attested these presents, but this Policy shall not be valid unless countersigned by a duly authorized representative of the Company.

President

Secretary

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, Texas 77040

LIMITED WARRANTY REIMBURSEMENT INSURANCE POLICY

DISCLOSURE OF GUARANTY FUND NONPARTICIPATION:

In the event the Insurer is unable to fulfill its contractual obligation under this policy or contract or application or certificate or evidence of coverage, the policyholder or certificate holder is not protected by an insurance guaranty fund or other solvency protection arrangement.

POLICY PROVISIONS

Sentruity Casualty Company (a stock insurance company), in consideration of the payment of the premium and in reliance upon the statements in the Declarations Page and subject to the limits of liability, exclusions, conditions and other terms of this Policy agrees with the Insured as follows:

I. INSURING AGREEMENTS

1. **DEFINITIONS OF COVERAGES:** The Company will indemnify the Insured against Loss arising out of the reasonable and customary cost of repair or replacement under and in accordance with all terms of the Warranties, for which the Insured is legally obligated to perform warrantor's obligations, issued on or after the inception date of this Policy.

The Company agrees, subject to the following terms, conditions, and exclusions:

- A. to pay the Insured or to pay on behalf of the Insured in the event of the Insured's nonperformance, all Loss which the Insured shall become legally obligated to pay as Claims under valid Warranties issued during the Policy Period shown in the Declarations Page; or
- B. to pay on behalf of the Insured in the event of the Insured's nonperformance, refunds of the unearned consideration paid by the Warranty Holder for a Warranty in excess of the premium charged by the Company; or
- C. to provide the service, in the event of the Insured's nonperformance, that the Insured is legally obligated to perform according to the Insured's contractual obligations under the Warranties issued during the Policy Period shown in the Declarations Page.

Coverage hereunder shall be provided on an occurrence basis.

Upon failure of the Insured to pay or provide service on a valid claim within sixty days after proof of Loss has been filed with Insured, coverage hereunder shall be provided directly to the Warranty Holder.

Termination of this Policy shall not affect or reduce the Company's obligations to, or responsibility for, direct coverage to Warranty Holders whose Warranties were made during the term of this Policy and were covered under this Policy.

2. **COMPANY'S LIABILITY:** The Company's liability herein shall be limited to covered Loss subject to the Maximum and Aggregate Limits of Liability specified on the Declarations Page. The Insured's purchase of this Policy indemnifies the Insured for all financial obligations, as contained in an accepted and valid Warranty, to the Warranty Holder.

3. **SETTLEMENT OF COMPANY'S LIABILITY:** The Company agrees to indemnify the Insured or, in the alternative, pay directly to the Repair Facility or Warranty Holder in accordance with the Warranty covered by this Policy.

II. DEFINITIONS

The following terms, which are capitalized whenever they appear in this Policy or any endorsements to this Policy, have special or limited meanings, set forth below in alphabetical order:

1. **"Administrator"** means the Company's designated administrator.
2. **"Claim"** shall mean a claim for performance of a contractual obligation under the terms and conditions of the Warranty arising during the Policy Period.
3. **"Company"** means Sentruity Casualty Company.
4. **"Consequential Damages"** shall mean such damage, loss or injury as does not flow directly and immediately from an occurrence of Loss, but only from the consequence or results of such an occurrence of Loss.
5. **"Covered Unit"** means a product for which a Warranty has been issued.
6. **"Insured"** means the named insured specified in Item 1 of the Declarations Page.
7. **"Loss(es)"** means any and all valid Claims arising during the Policy Period covered by the terms and conditions of the Warranty at the time the Warranty was issued.
8. **"Loss Reserve Fund"** means any loss reserve fund as may be established from time to time by the Administrator on behalf of the Insured to cover Losses under Warranties.
9. **"Policy"** means this Limited Warranty Reimbursement Insurance Policy issued by the Company.
10. **"Policy Period"** means the period specified in Item 2 of the Declarations Page.
11. **"Repair Facility"** shall mean a dealership, manufacturer's service center or independent service center authorized by the Administrator to perform repairs on behalf of the Insured under valid Warranties.
12. **"Warranty(ies)"** means warranty(ies), for which the Insured is legally obligated to perform warrantor's obligations, and for which a premium has been paid.
13. **"Warranty Holder"** means a person, or legal entity who is the first owner or a qualified transferee of a Warranty which is currently in force.

III. EXCLUSIONS

Notwithstanding anything herein contained, this Policy does NOT cover:

1. Any Loss caused by or contributed to by a dishonest, criminal or fraudulent act of the Warranty Holder, the Insured, a partner thereof, or a director, officer, trustee, employee or agent thereof;
2. Any Loss arising from fines, penalties, punitive, exemplary, extra contractual or Consequential Damages;
3. Any Loss caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such Loss be direct or indirect, proximate or remote, or be in whole or part caused by, contributed to, or aggravated by the peril(s) insured against in this Policy;

4. Any Loss caused by:
 - A. hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual impending or expected attack, (i) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (ii) by military, naval or air forces; or (iii) by any agent of such government, power, authority or forces;
 - B. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - C. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
5. Any Loss arising from any liability assumed by the Insured or the Warranty Holder by any contract or agreement, except the Warranty(ies);
6. Any Loss while the Covered Unit is used in any illicit trade or transportation or in the commission of a felony;
7. Any Loss to any Covered Unit if that unit is rented to another by the Insured or Warranty Holder;
8. Any Loss or damages caused by faulty repair work or failure to perform repair work by the Insured, its agents or employees, or any Repair Facility, or its agents or employees;
9. Any Loss caused by negligence of any kind, misrepresentation, willful or intentional misconduct or strict liability;
10. Any Loss arising out of implied warranties of merchantability, implied warranties of fitness, and strict liability, except as expressly provided herein;
11. Any Loss or liability for Claims to anyone other than the Warranty Holder, liability for Loss to anyone other than the Insured, and any Claim or Loss occurring prior to the effective date of this Policy;
12. Any Loss or liability under Garage Keeper's insurance;
13. Any Loss or liability for any Warranty that has not been approved in writing by the Company; or
14. Damages for bad faith, personal injury including bodily injury, property damage (except as specifically stated in the Warranty), and attorney's fees.

IV. DUITES OF THE INSURED

The Insured agrees to the following:

1. **PAYMENT OF PREMIUM:** Within thirty (30) days from the last day of each month in which any Warranties are issued, the Insured shall pay the full premium due for such Warranties. The payments of premiums are due and payable to the Company only in United States currency and are to be sent to the Company.
2. **COMMENCEMENT OF COVERAGE:** The Insured agrees that the Company shall have no obligation under this Policy until:
 - A. The Insured has issued a Warranty; and

- B. The Company has received premium for same.

V. CONDITIONS

1. **INSPECTION AND AUDIT:** The Company shall have the right to inspect the Insured's premises, books and records as same pertain to coverage under this Policy. This right shall extend until one (1) year after Warranties issued by the Insured are no longer in effect. Neither the rights set forth hereunder nor any report made by the Insurer in exercise of that right shall constitute any undertaking, on behalf of or for the benefit of the Insured or other, to determine or warrant that the operations are in compliance with any applicable law, rule, or regulation. The Insurer may request the Insured to mail proof of Loss documents, at the Insured's expense, to the Insurer in order to complete an offsite audit.
2. **PREMIUM PROVISIONS:** Premium charges will be in accordance with the Company's rates and rules in effect at the time each Warranty is issued. Premium adjustments made by the Company under the rating plan shall not be effective until such time as the Company has provided the Insured with at least thirty (30) days advance written notice of the change.

Upon the inception of coverage as provided by this Policy for the Insured's liability under each Warranty issued, the premium for such coverage shall be earned by the Company in line with the risk assumed by the Company, and no part thereof shall be refundable to the Insured.

3. **MONTHLY REPORTING PROVISION:** The Insured shall maintain and keep an accurate record of Warranties issued in accordance with this Policy and, not later than thirty (30) days after the closing of the preceding month, report to the Company or its authorized representative the Warranties issued during the monthly reporting period. The Company shall not be liable under any Warranty issued by the Insured unless so reported.

In the event of Policy cancellation, the Insured shall report all Warranties issued up to and including the date the cancellation becomes effective.

4. **NOTICE OF LOSS:** In the event of Loss under this Policy, the Insured shall give notice of Loss to the Company or its designated agent or representative as soon thereafter as practicable and shall file with the Company or its designated agent, within sixty (60) days from the date of Loss, a detailed proof of Loss in the form required by the Company. Failure by the Insured to report the said Loss and to file such proof of Loss as hereinbefore provided shall invalidate any Claim under this Policy for such Loss.
5. **PAYMENT FOR LOSS:** Payment for Loss may not be required nor shall action lie against the Company unless, as conditions precedent thereto, the Insured shall have fully complied with all terms of this Policy, thirty (30) days shall have elapsed after proof of Loss is filed, and the amount of Loss shall have been determined as provided in this Policy.

It is also a condition of this insurance, precedent to payment of any Claim, that the Insured or an authorized representative of the Insured shall have carried out the repair and/or replacement on which the Claim is based, after having received prior authorization from the Company or its designated agent or Administrator.

6. **CLAIMS HANDLING:**

- A. Within fifteen (15) days after the Company receives written notice of Claim, the Company will:
 - (i) Acknowledge receipt of the Claim.
 - (ii) Begin any investigation of the Claim; and

- (iii) Request from the Insured information and form necessary to process the Claim. The Company may request more information at a later date, if during the investigation of the Claim such additional information is necessary.

B. The Company will notify the Insured in writing as to whether:

- (i) The Claim or part of the Claim will be paid;
- (ii) The Claim or part of the Claim has been denied, and inform the Insured of the reasons for denial;
- (iii) More information is necessary; or
- (iv) The Company needs additional time to reach a decision. If the Company needs additional time, the Company will inform the Insured of the reasons for such need.

C. The Company will provide notification, as described in B(i) through B(iv) above, within:

- (i) Fifteen (15) business days after the Company receives all information the Company requested, or
- (ii) Thirty (30) days after the Company receives all information the Company requested, if the Company has reason to believe the Loss resulted from arson.

If the Company has notified the Insured that the Company needs additional time to reach a decision, the Company must then either approve or deny the Claim within forty-five (45) days of such notice.

D. The Company will pay for covered Loss or damage within five (5) business days after:

- (i) The Company has notified the Insured that payment of the claim or part of the claim will be made and have reached agreement with the Insured on the amount of Loss; or
- (ii) An appraisal award has been made.

However, if payment of the claim or part of the Claim is conditioned on the Insured's compliance with any of the terms of this Policy, the Company will make payment within five (5) business days after the date the Insured has complied with such terms.

- 7. **NOTICE OF SETTLEMENT OF LIABILITY CLAIM:** The Company will notify the named Insured in writing of initial offer to compromise or settle a Claim against the Insured not later than the 10th day after the date on which the offer is made. The Company will notify the named Insured in writing of any settlement of a Claim against the Insured not later than the 30th day after the date of the settlement.
- 8. **INSURED'S INDEMNIFICATION OF INSURER:** The Insured does hereby indemnify and hold the Insurer free and harmless against any and all claims, actions, demands, or liabilities arising out of Losses, whether well founded or not, that may be asserted against the Insurer by third parties by reason of the Insured's breach of or failure to perform any of its obligations under this Policy.
- 9. **ASSIGNMENT:** This Policy is personal to the Insured, any purported assignment of interest in the Policy by the Insured or transfer of interest by operation of law or any act of insolvency on the part of the Insured shall immediately render this Policy cancelled as of such date. Any assignment of interest under this Policy shall not bind the Company.

10. **APPROVED WARRANTIES:** It is a condition of this insurance that the Warranties to be covered under this Policy must be identical to the specimen copy(ies) on file with and approved by the Company and will remain unaltered unless the Company is duly notified of any proposed alteration.
11. **TERRITORY:** This Policy covers Warranties issued within the United States.
12. **SUBROGATION:** In the event of any payment under this Policy, the Company shall be subrogated to all the Insured's rights of recovery thereof against any person or organization, and the Insured shall execute and deliver instruments and papers to do whatever else is necessary to secure such rights. The Insured shall do nothing after Loss to prejudice such rights.
13. **BURDEN OF PROOF:** It is a condition of this Policy that the Insured will be required to prove any Loss sustained as a precedent to payment of any Claim. Such proof of Loss shall be made within thirty (30) days of the notice of any Claim and shall include such information as may be required by the Company.
14. **SALVAGE & RECOVERY:** All salvages, recoveries and payments received subsequent to a Loss settlement under this Policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.
15. **ASSISTANCE AND COOPERATION OF THE INSURED:** The Insured shall cooperate with the Company, and upon the Company's request, shall submit to examination under oath, attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and in the conduct of suits.
16. **CONFORMITY TO LAW:**
 - A. The terms of this Policy which at the time of issuance of this Policy are in conflict with the laws of the state in which this Policy is issued are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of this Policy.
 - B. The terms of this Policy which at the time of issuance of this Policy are in conflict with the laws of the state in which a Warranty is sold are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of this Policy.
 - C. The terms of this Policy which at the time of issuance of any Warranty insured hereunder are in conflict with the laws of the state in which such Warranty is issued are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of such Warranty, provided that such amendment shall only apply to the Warranty thus affected.
17. **OTHER INSURANCE:** If, at the time of Loss hereunder, there is other insurance for such Loss in the name of or for the benefit of the Insured, this insurance shall be considered as excess insurance and shall not apply to nor contribute to the payment of any Loss until all such other insurance shall have been exhausted.
18. **CHANGES:** This Policy, including the Declarations Page, terms, conditions, limitations, exceptions, and exclusions, together with the endorsements and attached papers, if any, constitutes the entire policy of insurance. No change in the Policy shall be endorsed hereon or attached thereto without the prior written approval of the Company. No agent has authority to change the Policy or to waive any of its provisions.
19. **ACTION AGAINST COMPANY:** No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all terms of this Policy.
20. **SERVICE OF SUIT:** In the event the Company fails to pay any amount claimed to be due hereunder, the Company, at the request of the Insured, will submit to the jurisdiction of any court of competent

jurisdiction within the United States of America and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court.

Further, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer (if specified for that purpose in any relevant statute) or his successor or successors in office, as the Company's true and lawful attorney upon whom, at his offices in the state where the Insured resides, may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the following as the person to whom the said officer is authorized to mail such process or a true copy thereof:

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, TX 77040
ATTENTION: PRESIDENT

21. **DEFENSE AND SETTLEMENT:** The Company shall not be called upon to assume charge of the settlement or defense of any claim made or suit brought against the Insured; however, the Company shall have the right, and shall be afforded the opportunity, to associate with the Insured in the defense and control of any claim or suit.
22. **FRAUD AND MISREPRESENTATION:** This Policy shall be void if the Insured has concealed or misrepresented or created any material fact or circumstance concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or submission of false or inflated Claims or false swearing by the Insured touching any matter relating to this insurance or the subject thereof, whether before or after a Loss.
23. **POLICY TERM:** The Policy Period shall be for a term of one year (ending on December 31 of each year), subject to automatic annual renewals, unless either the Insured or the Company gives prior notice to the other party of its intention not to renew this Policy. The initial Policy Period may be for a term of less than one year, unless this Policy is effective on January 1 of such Policy Period.
24. **POLICY CANCELLATION:**
 - A. **By the Company:**
 - (i) The Company may cancel this Policy by mailing or delivering to the first named Insured written notice of cancellation, stating the reason for cancellation, at least ten (10) days before the effective date of cancellation.
 - (ii) If this Policy has been in effect for sixty (60) or fewer days, the Company may cancel for any reason.
 - (iii) If this Policy has been in effect for more than sixty (60) days or if it is a renewal or continuation of a Policy issued by the Company, the Company may cancel only for one or more of the following reasons:
 - (a) fraud in obtaining coverage;
 - (b) failure to pay premiums when due;
 - (c) an increase in hazard within the control of the Insured or other Insured which would produce an increase in rate;
 - (d) loss of reinsurance covering all or part of the risk covered by the Policy; or

- (e) if the Company has been placed in supervision, conservatorship, or receivership, and the cancellation is approved or directed by the supervisor, conservator, or receiver.

(iv) Nonrenewal:

- (a) The Company may elect not to renew this Policy by delivering or mailing to the first named Insured, at the last mailing address known to the Company, written notice of nonrenewal, stating the reason for nonrenewal, at least sixty (60) days before the expiration date. If notice is mailed or delivered later than the sixty (60) days before the expiration date, this Policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the Expiration Date shall be computed pro rata based on the previous year's premium.
- (b) If notice is mailed, proof of mailing will be sufficient proof of notice.

The Company may not cancel or refuse to renew this Policy based solely on the fact that the Insured is an elected official.

B. **By the Insured:** The Insured has the right to cancel this Policy:

- (i) By sending the Company written notice of its intent to cancel the Policy showing the date cancellation is to be effective.

C. **Effect of Cancellation:** Cancellation of this Policy shall not reduce the Company's liability for any Claims incurred under Service Contracts issued prior to the date on which cancellation takes effect. Should no Service Contracts be submitted pursuant to the provisions of Section V, paragraph 3, of this Policy for a period of three (3) consecutive months, it will constitute an automatic withdrawal from coverage by the Insured. The Company may, at its option, waive this provision.

25. **REGULATORY NOTICE:** Where required by the laws of a state in which warranties insured hereunder are issued, the Company shall mail notice of cancellation or non-renewal of this Policy to the governmental authorities entitled to such notice within the period prescribed by such laws.

VI. OTHER AGREEMENTS

1. It is hereby agreed that in the event the Insured is no longer in business, for whatever reason, the Company will provide directly to the Warranty Holder all benefits to which the Warranty Holder is entitled under the terms of the Warranty.
2. In the event of payment under the terms of this provision, the Company shall be subrogated to the Insured's right to recovery from any reserves maintained to pay Losses on behalf of the Insured, including reserves in the Loss Reserve Fund.
3. It is further agreed that in the event the Administrator is unable to perform its obligations for any reason, the Company will assume the Administrator's responsibilities.

VII. IMPLIED LIABILITY

In consideration of the premium charged, coverage is extended to include defects in material and workmanship of the entire Covered Unit of those Covered Units described, and not otherwise covered under Warranties covered by

this Policy, subject to the following conditions, limitations and exclusions which shall apply to this extension of coverage:

1. Repair and/or replacement is limited to that required by the imposition of law under implied warranty incurred by the Insured as a result of having issued a Warranty.
2. The Company shall not be liable unless and until a court judgment is rendered against the Insured. However, the Company may, at its sole option, negotiate and/or settle any alleged Claim prior to or during any suit for such judgment.
3. Coverage shall not apply to any defect in material or workmanship which is obvious, or of which the Insured may reasonably be expected to have knowledge, existing at the time of sale of the Warranty.
4. Coverage shall apply only for the period imposed by law for implied warranty, or the term of the Warranty, whichever is the shorter period of time and/or mileage.
5. The Company shall not be liable for more than the lesser of:
 - A. The actual cost of repair or replacement, or
 - B. The actual cash value of the Covered Unit at the time of Loss, or
 - C. The purchase price of the Covered Unit, reduced by all previous Claims paid under this Policy.
6. Each Claim for Loss shall be adjusted separately.

NOTICE

This Policy does not provide Bodily Injury or Property Damage Liability Insurance nor does it comply with any financial responsibility law. The limit of the Company's liability shall not exceed the limits specified herein, in accordance with the terms of this Policy.

IN WITNESS WHEREOF, the Company has caused this Policy to be executed and attested these presents, but this Policy shall not be valid unless countersigned by a duly authorized representative of the Company.

President

Secretary

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, Texas 77040

SERVICE CONTRACT REIMBURSEMENT INSURANCE POLICY

DISCLOSURE OF GUARANTY FUND NONPARTICIPATION:

In the event the Insurer is unable to fulfill its contractual obligation under this policy or contract or application or certificate or evidence of coverage, the policyholder or certificate holder is not protected by an insurance guaranty fund or other solvency protection arrangement.

POLICY PROVISIONS

Sentruity Casualty Company (a stock insurance company), in consideration of the payment of the premium and in reliance upon the statements in the Declarations Page and subject to the limits of liability, exclusions, conditions and other terms of this Policy agrees with the Insured as follows:

I. INSURING AGREEMENTS

1. **DEFINITION OF COVERAGES:** The Company will indemnify the Insured against Loss arising out of the reasonable and customary cost of repair or replacement under and in accordance with all terms of the Service Contracts issued by the Insured on or after the inception date of this Policy.

The Company agrees, subject to the following terms, conditions, and exclusions:

- A. to pay the Insured, or to pay on behalf of the Insured in the event of the Insured's nonperformance, all Loss which the Insured shall become legally obligated to pay as Claims under valid Service Contracts issued during the Policy Period shown in the Declarations Page; or
- B. to pay on behalf of the Insured in the event of the Insured's nonperformance, refunds of the unearned consideration paid by the Service Contract Holder for a Service Contract in excess of the premium charged by the Company; or
- C. to provide the service, in the event of the Insured's nonperformance, that the Insured is legally obligated to perform according to the Insured's contractual obligations under the Service Contracts issued during the Policy Period shown in the Declarations Page.

Coverage hereunder shall be provided on an occurrence basis.

Upon failure of the Insured to pay or provide service on a valid Claim within sixty (60) days after proof of Loss has been filed with Insured, coverage hereunder shall be provided directly to the Service Contract Holder.

Termination of this Policy shall not affect or reduce the Company's obligations to, or responsibility for, direct coverage to Service Contract Holders whose Service Contracts were made during the term of this Policy and were covered under this Policy.

Revocation or other termination of Insured's registration as a service contract provider in any state shall be construed to be default by the Insured under Service Contracts sold in such state(s). In the event of such suspension, the Company shall provide for direct coverage to the covered Service Contract Holders in such state(s) without having to wait sixty (60) days, or until such time as the Insured is permitted to resume business in such state(s).

2. **COMPANY'S LIABILITY:** The Company's liability herein shall be limited to covered Loss subject to the Maximum and Aggregate Limits of Liability specified on the Declarations Page. The Insured's purchase of this Policy indemnifies the Insured for all financial obligations, as contained in an accepted and valid Service Contract, to the Service Contract Holder.
3. **SETTLEMENT OF COMPANY'S LIABILITY:** The Company agrees to indemnify the Insured or, in the alternative, pay directly to the Repair Facility or Service Contract Holder in accordance with the Service Contract issued by the Insured.

II. DEFINITIONS

The following terms, which are capitalized whenever they appear in this Policy or any endorsements to this Policy, have special or limited meanings, set forth below in alphabetical order:

1. **"Administrator"** means the Company's designated administrator.
2. **"Claim"** shall mean a claim for performance of a contractual obligation arising during the Policy Period.
3. **"Company"** means Sentruity Casualty Company.
4. **"Consequential Damages"** shall mean such damage, loss or injury as does not flow directly and immediately from an occurrence of Loss, but only from the consequences or results of such an occurrence of Loss.
5. **"Covered Unit"** means a product for which the Insured has issued a Service Contract.
6. **"Insured"** means the named Insured specified in Item 1 of the Declarations Page.
7. **"Loss(es)"** means any and all valid Claims arising during the Policy Period covered by the terms and conditions of the Service Contract at the time the Service Contract was issued.
8. **"Policy"** means this Service Contract Reimbursement Insurance Policy issued by the Company.
9. **"Policy Period"** means the period specified in Item 2 of the Declarations Page.
10. **"Repair Facility"** shall mean a dealership, manufacturer's service center or independent service center authorized by the Administrator to perform repairs on behalf of the Insured under valid Service Contracts.
11. **"Service Contract(s)"** means service contract(s) issued by the Insured on or after the inception date of this Policy and for which a premium has been paid.
12. **"Service Contract Holder"** means a person, or legal entity, owning a Service Contract acquired directly from the Insured, or a qualified transferee, which is currently in force.

III. EXCLUSIONS

Notwithstanding anything herein contained, this Policy does NOT cover:

1. Any Loss caused by or contributed to by a dishonest, criminal or fraudulent act of the Service Contract Holder, the Insured, a partner thereof, or a director, officer, trustee, employee or agent thereof;
2. Any Loss arising from fines, penalties, punitive, exemplary, extra contractual or Consequential Damages;

3. Any Loss caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such Loss be direct or indirect, proximate or remote, or be in whole or part caused by, contributed to, or aggravated by the peril(s) Insured against in this Policy;
4. Any Loss caused by:
 - A. hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual impending or expected attack, (i) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (ii) by military, naval or air forces; or (iii) by any agent of such government, power, authority or forces;
 - B. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - C. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
5. Any Loss arising from any liability assumed by the Insured or the Service Contract Holder by any contract or agreement, except the Service Contract(s);
6. Any Loss while the Covered Unit is used in any illicit trade or transportation or in the commission of a felony;
7. Any Loss to any Covered Unit if that unit is rented to another by the Insured or Service Contract Holder;
8. Any Loss or damages caused by faulty repair work or failure to perform repair work by the Insured, its agents or employees, or any Repair Facility, or its agents or employees;
9. Any Loss caused by negligence of any kind, misrepresentation, willful or intentional misconduct or strict liability;
10. Any Loss arising out of implied warranties of merchantability, implied warranties of fitness, and strict liability, except as specifically provided herein;
11. Any Loss or liability for Claims to anyone other than the Service Contract Holder, liability for Loss to anyone other than the Insured, and any Claim or Loss occurring prior to the effective date of this Policy;
12. Any Loss or liability under Garage Keeper's insurance;
13. Any Loss or liability for any Service Contract that has not been approved in writing by the Company; or
14. Damages for bad faith, personal injury including bodily injury, property damage (except as specifically stated in the Service Contract), and attorney's fees.

IV. DUTIES OF THE INSURED

The Insured agrees to the following:

1. **PAYMENT OF PREMIUM:** Within thirty (30) days from the last day of each month in which any Service Contracts are issued, the Insured shall pay the full premium due for such Service Contracts. The payments of premiums are due and payable to the Company only in United States currency and are to be sent to the Company.

2. **COMMENCEMENT OF COVERAGE:** The Insured agrees that the Company shall have no obligation under this Policy until:
 - A. the Insured has issued a Service Contract; and
 - B. the Company has received premium for same.

V. CONDITIONS

1. **INSPECTION AND AUDIT:** The Company shall have the right to inspect the Insured's premises, books and records as same pertain to coverage under this Policy. This right shall extend until one (1) year after Service Contracts issued by the Insured are no longer in effect. Neither the rights set forth hereunder nor any report made by the Insurer in exercise of that right shall constitute any undertaking, on behalf of or for the benefit of the Insured or other, to determine or warrant that the operations are in compliance with any applicable law, rule, or regulation. The Insurer may request the Insured to mail proof of Loss documents, at the Insured's expense, to the Insurer in order to complete an offsite audit.
2. **PREMIUM PROVISIONS:** Premium charges will be in accordance with the Company's rates and rules in effect at the time each Service Contract is issued. Premium adjustments made by the Company under the rating plan shall not be effective until such time as the Company has provided the Insured with at least thirty (30) days advance written notice of the change.

Upon the inception of coverage as provided by this Policy for the Insured's liability under each Service Contract issued, the premium for such coverage shall be earned by the Company in line with the risk assumed by the Company, and no part thereof shall be refundable to the Insured, except that a partial refund shall be made by the Company to the Insured for each Service Contract cancelled by the Service Contract Holder.

3. **MONTHLY REPORTING PROVISION:** The Insured shall maintain and keep an accurate record of Service Contracts issued in accordance with this Policy and, not later than thirty (30) days after the closing of the preceding month, report to the Company or its authorized representative the Service Contracts issued during the monthly reporting period. The Company shall not be liable under any Service Contract issued by the Insured unless so reported.

In the event of Policy cancellation, the Insured shall report all Service Contracts issued up to and including the date the cancellation becomes effective.

4. **NOTICE OF LOSS:** In the event of Loss under this Policy, the Insured shall give notice of Loss to the Company or its designated agent or representative as soon thereafter as practicable and shall file with the Company or its designated agent, within ninety (90) days from the date of Loss, a detailed proof of Loss in the form required by the Company. Failure by the Insured to report the said Loss and to file such proof of Loss as hereinbefore provided shall invalidate any Claim under this Policy for such Loss.
5. **PAYMENT FOR LOSS:** Payment for Loss may not be required nor shall action lie against the Company unless, as conditions precedent thereto, the Insured shall have fully complied with all terms of this Policy, ninety (90) days shall have elapsed after proof of Loss is filed, and the amount of Loss shall have been determined as provided in this Policy.

It is also a condition of this insurance, precedent to payment of any Claim, that the Insured or an authorized representative of the Insured shall have carried out the repair and/or replacement on which the Claim is based, after having received prior authorization from the Company or its designated agent or Administrator.

6. **CLAIMS HANDLING:**

- A. Within fifteen (15) days after the Company receives written notice of Claim, the Company will:
- (i) Acknowledge receipt of the Claim.
 - (ii) Begin any investigation of the Claim; and
 - (iii) Request from the Insured information and form necessary to process the Claim. The Company may request more information at a later date, if during the investigation of the Claim such additional information is necessary.
- B. The Company will notify the Insured in writing as to whether:
- (i) The Claim or part of the Claim will be paid;
 - (ii) The Claim or part of the Claim has been denied, and inform the Insured of the reasons for denial;
 - (iii) More information is necessary; or
 - (iv) The Company needs additional time to reach a decision. If the Company needs additional time, the Company will inform the Insured of the reasons for such need.
- C. The Company will provide notification, as described in B(i) through B(iv) above, within:
- (i) Fifteen (15) business days after the Company receives all information the Company requested, or
 - (ii) Thirty (30) days after the Company receives all information the Company requested, if the Company has reason to believe the Loss resulted from arson.

If the Company has notified the Insured that the Company needs additional time to reach a decision, the Company must then either approve or deny the Claim within forty-five (45) days of such notice.

- D. The Company will pay for covered Loss or damage within five (5) business days after:
- (i) The Company has notified the Insured that payment of the claim or part of the claim will be made and have reached agreement with the Insured on the amount of Loss; or
 - (ii) An appraisal award has been made.

However, if payment of the claim or part of the Claim is conditioned on the Insured's compliance with any of the terms of this Policy, the Company will make payment within five (5) business days after the date the Insured has complied with such terms.

7. **NOTICE OF SETTLEMENT OF LIABILITY CLAIM:** The Company will notify the named Insured in writing of initial offer to compromise or settle a Claim against the Insured not later than the 10th day after the date on which the offer is made. The Company will notify the named Insured in writing of any settlement of a Claim against the Insured not later than the 30th day after the date of the settlement.
8. **INSURED'S INDEMNIFICATION OF INSURER:** The Insured does hereby indemnify and hold the Insurer free and harmless against any and all claims, actions, demands, or liabilities arising out of Losses,

whether well founded or not, that may be asserted against the Insurer by third parties by reason of the Insured's breach of or failure to perform any of its obligations under this Policy.

9. **ASSIGNMENT:** This Policy is personal to the Insured. Any purported assignment of interest in the Policy by the Insured or transfer of interest by operation of law or any act of insolvency on the part of the Insured shall immediately render this Policy cancelled as of such date. Any assignment of interest under this Policy shall not bind the Company.
10. **APPROVED SERVICE CONTRACTS:** It is a condition of this insurance that the Service Contract(s) issued by the Insured are identical to the specimen copy(s) on file with and approved by the Company and will remain unaltered unless the Company is duly notified of any proposed alteration.
11. **TERRITORY:** This Policy covers Service Contracts issued by the Insured within the United States.
12. **SUBROGATION:** In the event of any payment under this Policy, the Company shall be subrogated to all the Insured's rights of recovery thereof against any person or organization, and the Insured shall execute and deliver instruments and papers to do whatever else is necessary to secure such rights. The Insured shall do nothing after Loss to prejudice such rights.
13. **BURDEN OF PROOF:** It is a condition of this Policy that the Insured will be required to prove any Loss sustained as a precedent to payment of any Claim. Such proof of Loss shall be made within thirty (30) days of the notice of any Claim and shall include such information as may be required by the Company.
14. **SALVAGE & RECOVERY:** All salvages, recoveries and payments received subsequent to a Loss settlement under this Policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.
15. **ASSISTANCE AND COOPERATION OF THE INSURED:** The Insured shall cooperate with the Company and, upon the Company's request, shall submit to examination under oath, attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and in the conduct of suits.
16. **CONFORMITY TO LAW:**
 - A. The terms of this Policy which at the time of issuance of this Policy are in conflict with the laws of the state in which this Policy is issued are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of this Policy.
 - B. The terms of this Policy which at the time of issuance of this Policy are in conflict with the laws of the state in which a Service Contract is sold are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of this Policy.
 - C. The terms of this Policy which at the time of issuance of any Service Contract issued hereunder are in conflict with the laws of the state in which such Service Contract is issued are hereby amended to conform to the minimum requirements of such laws in effect at the time of issuance of such Service Contract, provided that such amendment shall only apply to the Service Contract thus affected.
17. **OTHER INSURANCE:** If, at the time of Loss hereunder, there is other insurance for such Loss in the name of or for the benefit of the Insured, this insurance shall be considered as excess insurance and shall not apply to nor contribute to the payment of any Loss until all such other insurance shall have been exhausted.
18. **CHANGES:** This Policy, including the Declarations Page, terms, conditions, limitations, exceptions, and exclusions, together with the endorsements and attached papers, if any, constitutes the entire policy

of insurance. No change in the Policy shall be endorsed hereon or attached thereto without the prior written approval of the Company. No agent has authority to change the Policy or to waive any of its provisions.

19. **ACTION AGAINST COMPANY:** No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all terms of this Policy.
20. **SERVICE OF SUIT:** In the event the Company fails to pay any amount claimed to be due hereunder, the Company, at the request of the Insured, will submit to the jurisdiction of any court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court.

Further, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer (if specified for that purpose in any relevant statute) or his successor or successors in office, as the Company's true and lawful attorney upon whom, at his offices in the state where the Insured resides, may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the following as the person to whom the said officer is authorized to mail such process or a true copy thereof:

Sentruity Casualty Company
13201 Northwest Freeway, Suite 801
Houston, TX 77040
ATTENTION: PRESIDENT

21. **DEFENSE AND SETTLEMENT:** The Company shall not be called upon to assume charge of the settlement or defense of any claim made or suit brought against the Insured; however, the Company shall have the right, and shall be afforded the opportunity, to associate with the Insured in the defense and control of any claim or suit.
22. **FRAUD AND MISREPRESENTATION:** This Policy shall be void if the Insured has concealed or misrepresented or created any material fact or circumstance concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or submission of false or inflated Claims or false swearing by the Insured touching any matter relating to this insurance or the subject thereof, whether before or after a Loss.
23. **POLICY PERIOD:** The Policy Period shall be for a term of one year (ending on December 31 of each year), subject to automatic annual renewals, unless either the Insured or the Company gives prior notice to the other party of its intention not to renew this Policy. The initial Policy Period may be for a term of less than one year, unless this Policy is effective on January 1 of such Policy Period.
24. **POLICY CANCELLATION:**
- A. **By the Company:**
- (i) The Company may cancel this Policy by mailing or delivering to the first named Insured written notice of cancellation, stating the reason for cancellation, at least ten (10) days before the effective date of cancellation.
 - (ii) If this Policy has been in effect for sixty (60) or fewer days, the Company may cancel for any reason.
 - (iii) If this Policy has been in effect for more than sixty (60) days or if it is a renewal or continuation of a Policy issued by the Company, the Company may cancel only for one or more of the following reasons:

- (a) fraud in obtaining coverage;
 - (b) failure to pay premiums when due;
 - (c) an increase in hazard within the control of the Insured or other Insured which would produce an increase in rate;
 - (d) loss of reinsurance covering all or part of the risk covered by the Policy; or
 - (e) if the Company has been placed in supervision, conservatorship, or receivership, and the cancellation is approved or directed by the supervisor, conservator, or receiver.
- (iv) Nonrenewal:
- (a) The Company may elect not to renew this Policy by delivering or mailing to the first named Insured, at the last mailing address known to the Company, written notice of nonrenewal, stating the reason for nonrenewal, at least sixty (60) days before the expiration date. If notice is mailed or delivered later than the sixty (60) days before the expiration date, this Policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the Expiration Date shall be computed pro rata based on the previous year's premium.
 - (b) If notice is mailed, proof of mailing will be sufficient proof of notice.

The Company may not cancel or refuse to renew this Policy based solely on the fact that the Insured is an elected official.

The transfer of a policyholder between admitted companies within the same insurance group is not considered a refusal to renew.

B. By the Insured: The Insured has the right to cancel this Policy:

- (i) By sending the Company written notice of its intent to cancel the Policy showing the date cancellation is to be effective.

C. Effect of Cancellation: Cancellation of this Policy shall not reduce the Company's liability for any Claims incurred under Service Contracts issued prior to the date on which cancellation takes effect. Should no Service Contracts be submitted pursuant to the provisions of Section V, paragraph 3, of this Policy for a period of three (3) consecutive months, it will constitute an automatic withdrawal from coverage by the Insured. The Company may, at its option, waive this provision.

25. **REGULATORY NOTICE:** Where required by the laws of a state in which warranties insured hereunder are issued, the Company shall mail notice of cancellation or non-renewal of this Policy to the governmental authorities entitled to such notice within the period prescribed by such laws.

VI. OTHER AGREEMENTS

1. It is hereby agreed that in the event the Insured is no longer in business, for whatever reason, the Company will provide directly to the Service Contract Holder all benefits to which the Service Contract Holder is entitled under the terms of the Service Contract.

2. In the event of payment under the terms of this provision, the Company shall be subrogated to the Insured's right to recovery from any reserves maintained to pay Losses on behalf of the Insured.
3. It is further agreed that in the event the Administrator is unable to perform its obligations for any reason, the Company will assume the Administrator's responsibilities.

VII. IMPLIED LIABILITY

In consideration of the premium charged, coverage is extended to include defects in material and workmanship of the entire Covered Unit of those Covered Units described, and not otherwise covered under Service Contracts covered by this Policy, subject to the following conditions, limitations and exclusions which shall apply to this extension of coverage:

1. Repair and/or replacement is limited to that required by the imposition of law under implied warranty incurred by the Insured as a result of having issued a Service Contract.
2. The Company shall not be liable unless and until a court judgment is rendered against the Insured. However, the Company may, at its sole option, negotiate and/or settle any alleged Claim prior to or during any suit for such judgment.
3. Coverage shall not apply to any defect in material or workmanship which is obvious, or of which the Insured may reasonably be expected to have knowledge, existing at the time of sale of the Service Contract.
4. Coverage shall apply only for the period imposed by law for implied warranty, or the term of the Service Contract, whichever is the shorter period of time and/or mileage.
5. The Company shall not be liable for more than the lesser of:
 - A. The actual cost of repair or replacement, or
 - B. The actual cash value of the Covered Unit at the time of Loss, or
 - C. The purchase price of the Covered Unit, reduced by all previous Claims paid under this Policy.
6. Each Claim for Loss shall be adjusted separately.

NOTICE

This Policy does not provide Bodily Injury or Property Damage Liability Insurance nor does it comply with any financial responsibility law. The limit of the Company's liability shall not exceed the limits specified herein, in accordance with the terms of this Policy.

IN WITNESS WHEREOF, the Company has caused this Policy to be executed and attested these presents, but this Policy shall not be valid unless countersigned by a duly authorized representative of the Company.

President

Secretary

<i>SERFF Tracking Number:</i>	<i>YTYC-125401951</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Sentruity Casualty Company</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>AR-01807</i>		
<i>TOI:</i>	<i>33.0 Other Lines of Business</i>	<i>Sub-TOI:</i>	<i>33.0004 Service Contracts</i>
<i>Product Name:</i>	<i>Service Contract Reimbursement Insurance Policy</i>		
<i>Project Name/Number:</i>	<i>Sentruity-AR-VSC/Ryan</i>		

Attachment "ARKANSAS ENDORSEMENT CLP-AR-ST-00908.doc" is not a PDF document and cannot be reproduced here.

<i>SERFF Tracking Number:</i>	<i>YTYC-125401951</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Sentruity Casualty Company</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>AR-01807</i>		
<i>TOI:</i>	<i>33.0 Other Lines of Business</i>	<i>Sub-TOI:</i>	<i>33.0004 Service Contracts</i>
<i>Product Name:</i>	<i>Service Contract Reimbursement Insurance Policy</i>		
<i>Project Name/Number:</i>	<i>Sentruity-AR-VSC/Ryan</i>		

Rate Information

Rate data does NOT apply to filing.

<i>SERFF Tracking Number:</i>	<i>YTYC-125401951</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Sentruity Casualty Company</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>AR-01807</i>		
<i>TOI:</i>	<i>33.0 Other Lines of Business</i>	<i>Sub-TOI:</i>	<i>33.0004 Service Contracts</i>
<i>Product Name:</i>	<i>Service Contract Reimbursement Insurance Policy</i>		
<i>Project Name/Number:</i>	<i>Sentruity-AR-VSC/Ryan</i>		

Supporting Document Schedules

Satisfied -Name:	Uniform Transmittal Document-Property & Casualty	Review Status:	Approved	01/15/2008
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Comments:

Attachment:

NAIC Transmittal.pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;">New Business</div> <div style="width: 40%;"></div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;">Renewal Business</div> <div style="width: 40%;"></div> </div> f. State Filing #: g. SERFF Filing #: h. Subject Codes
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3.	Group Name	Group NAIC #

4.	Company Name(s)	Domicile	NAIC #	FEIN #	State #

5.	Company Tracking Number	
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail

7.	Signature of authorized filer	
8.	Please print name of authorized filer	

Filing information (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	
10.	Sub-Type of Insurance (Sub-TOI)	
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12.	Company Program Title (Marketing title)	
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14.	Effective Date(s) Requested	New: Renewal:
15.	Reference Filing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16.	Reference Organization (if applicable)	
17.	Reference Organization # & Title	
18.	Company's Date of Filing	
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	
21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]	

[illegible]

***Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	
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2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	
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3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

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